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NEWS SUMMARY

GENERAL

Cruise missile sites chosen

American cruise missiles will be stationed at Greenham Common U.S. Airforce base, Berks., and at RAF Molesworth, Cambs., Defence Secretary Francis Pym told the Commons.

A total of 160 missiles will be stationed at the bases as part of NATO's nuclear modernisation programme. They would be dispersed to pre-arranged launch sites for firing.

MPs for the two constituencies accepted the decision without protest, but the Government started a campaign to persuade residents they have nothing to fear. Back and Parliament, Page 14

Nurses' ballot

Nurses in the Confederation of Health Service Employees, the biggest Health Service union, are to be ballotted on their 14 per cent pay offer. Back page

Iran chief quits

Commander of Iran's Revolutionary Guards, Abu Sharif, resigned amid reports of serious infighting.

Lamb protests

France appeared to be at odds again with the European Community over lamb, following protests at new French import limitations. Back Page

Schmidt warning

West German Chancellor Helmut Schmidt warned that his Government would not support another European Community finance decision like the one which ended the UK's budget dispute. Page 3

Indian massacre

Troops were rounding up tribesmen who massacred at least 400 Bangladeshi immigrants in Tripura state, north-east India.

Julie cash ruling

Director of Public Prosecutions Sir Thomas Hetherington decided not to hand back an estimated £100,000—proceeds of crime—to three members of the Operation Julie drugs ring.

Siege ends

Siege at a Nottingham charity home where seven people were held hostage and a policeman shot, ended when a man threw out a gun and walked out.

Transport report

Performance of management at London Transport was severely criticised in a report commissioned by its chairman Ralph Bennett. Back and Page 8; Editorial comment, Page 18

Scientist killed

Egyptian nuclear scientist employed by the Iraqi Atomic Energy Commission was found beaten to death at his Paris hotel.

Migraine cause

Stress, rather than adverse reaction to some foods and drinks, is the main cause of migraine attacks, says a survey published by a drug company.

England changes

England made six changes for their European soccer championship Group Two match against Spain today.

Briefly . . .

Soldier was killed in a guardroom shooting in Londonderry.

Richard Adams, author of Watership Down, is the new president of the RSPCA.

Man fell to his death from rigging on the training ship Winston Churchill off Kent.

BUSINESS

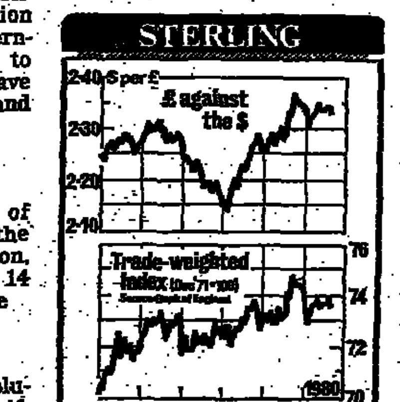
Gilts up 0.31; sterling off 1.15c

● GILTS: Fresh overseas demand saw longs and mediums gain up to ⅜. Shorts eased on reports of a new tap and credit shortage. ...The Government Securities index rose 0.31 to 69.89. Page 34

● EQUITY leaders were quiet after the recent sharp rises and the FT 30-share index gained 1.4 to 469.0. Page 34

● STERLING lost 1.15 cents to $2.3295 in dull trading, and its trade-weighted index fell to 73.5 (73.9). DOLLAR improved generally and its index rose to 83.4 (83.1). Page 31

STERLING



● GOLD fell $3.50 to $591.50 in London. Page 31

● WALL STREET was up 4.78 at 882.51 before the close. Page 33

● RECESSION in the property and development industry will be "deep, widespread and prolonged," a Government-commissioned report has forecast. Back Page

● STRIKE INSURANCE of a kind is to be offered by five Lloyd's of London brokers to replace the indemnity fund which the Confederation of British Industry plans to shelve today. Back Page

● BRITAIN will have no difficulty over import licences for spares needed by the U.S.-designed nuclear reactor the Central Electricity Generating Board plans to build, the U.S. State Department said. Page 7

● UNIT TRUST sales in May dropped to £27.8m, compared with £31.3m in April. Repurchases were only marginally higher at £28.45m (£27.08m), showing a continuing switch by investors. Page 8

● BARING BROTHERS has arranged a $50m (£21.5m) buyer credit between a syndicate of lending banks and Petroleos Mexicanos to finance the export of UK equipment for oil and gas industries. Page 6

● DEADLINE for completing details of the $3.5bn (£1.5bn) rescue of Chrysler Corporation was deferred amid signs that the U.S. Government is still trying to persuade 12 banks to join in the deal. Page 6

● JAPAN'S crude steel output will slip to 27.75m tonnes next quarter, compared with 29.25m tonnes this quarter, because of a drop in exports, the Government forecast. Page 6

COMPANIES

● GEI International, engineering concern, raised taxable profits from £6.16m to a record £6.82m last year, with a £1.05m contribution from Sanderson Kayser which it acquired. Page 20

● ROBERTSON FOODS' pre-tax profits last year rose by £509,000 to £2.55m following a disappointing second half. Page 21

● FIRESTONE, the loss-making U.S. tyre company, has omitted its quarterly dividend, thus joining Uniroyal, another leading tyre-maker, which has not paid shareholders since September, 1978. Page 27

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			Horizon Travel	280	+ 12
Treasury 15¼pc '98	£113⅞	+ 1	Lesney Products	17	+ 2
Akroyd & Smithers	281	+ 9	McKechnie Brothers	93	+ 6
Alexanders Discount	248	+ 15	Mowlem (J.)	98	+ 6
Applied Computer T.	385	+ 15	Pilkington	232	+ 9
Barclays Bank	407	+ 12	Ratners	62	+ 4
Brotherhood (P.)	71	+ 5	Unicorn Inds.	122	+ 6
Dawson Intl.	113	+ 6	Vosper	180	+ 20
Dixon (D.)	110	+ 15	Yarrow	263	+ 18
Empire Stores	148	+ 6	Silkolene	210	+ 10
Federated Land	76	+ 6	**FALLS:**		
GEI International	79	+ 4	Exch. 13¼pc 1983	£100⅞	− ⅛
Gerrard & National	258	+ 10	Ferranti	550	− 8
Grattan Warehouses	62	+ 6	Hawker Siddeley	200	− 4
Haden Carrier	135	+ 7	MK Electric	180	− 5
Hazlewood Foods	86	+ 7	Nat. Carbonising	132	− 12
Henderson (P. C.) 'A'	175	+ 32	Tesco	59	− 3
Holt Lloyd	222	+ 9	Berkeley Expln.	220	− 14

Output and employment sharply down

Danger of deeper recession growing

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

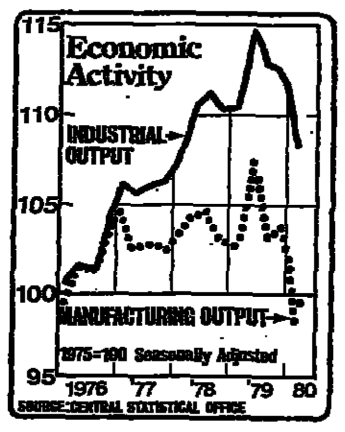
THE ECONOMY faces a deepening recession as industrial output and employment fall sharply in response to weakening demand and excessive levels of stocks.

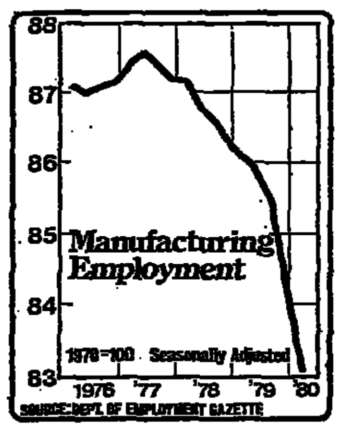
Official figures published yesterday provided the clearest evidence yet of the downturn in activity and of its impact on the labour market.

Industrial production in the first four months of this year was about 3 per cent lower than the average level in 1979, sharpest drop in output for five years. Part of the decline is officially attributed to the steel dispute.

The underlying decline is estimated at between 1 and 2 per cent, with the drop in production continuing in April

This has resulted in a marked change of conditions in the labour market, reflected not only in the familiar unemployment figures but also in the less well-known employment statistics. The changes have been similar in magnitude to those in the early stages of the last major recession in 1975.





The number of employees in production industries dropped 233,000, or 2.6 per cent, in the six months to the end of March. The rate of decline accelerated recently. Rate of growth of service employment has slowed since the middle of last year.

Consequently, the Department of Employment says in its monthly gazette published yesterday, it is very likely that final figures for overall employment will show a very substantial fall in thefi rst three months of this year, possibly more than the 78,000 drop in the final quarter of 1979.

The working population employed plus unemployed, has started to drop in spite of an increase of about 200,000 a year in the number of people of working age.

The official reason is that the missing workers can be explained mainly by earlier retirement, especially among men. There may have been a slowing in the growth of female employment.

The latest figures confirm that the greatest problems have been faced by manufacturing industry, parts of which are particularly exposed to the competitive pressures of a strong pound.

Production in the first four months of this year was 3¾ per cent below last year's average level, while employment in March was 188,000, or 2.7 per cent, less than six months earlier.

This decline in manufacturing employment is reflected in a level of labour turnover lower than at any time since these statistics were first produced

Continued on Back Page

Days lost, Page 10

London-Hong Kong airline fares set to plummet

AIR FARES between London and Hong Kong are likely to fall rapidly from next month as a result of the "open skies" policy for British and Hong Kong airlines, announced yesterday.

The cheapest proposed fare is British Caledonian's £100 standby one-way ticket from August 1. Hong Kong's Cathay Pacific, part of the Swire conglomerate, will offer the first alternative to B ritish Airways from July 17, with a fare of £151. At present the cheapest one-way British Airways ticket costs £195, off peak.

FARES TO HONG KONG

£ one way, proposed

BRITISH AIRWAYS		**LAKER**	
Advance purchase	195	Skytrain	133
Excursion	*344.50	Excursion	148
Club	558	**CATHAY PACIFIC**	
First	1,124	Midweek advance purchase	151
BRITISH CALEDONIAN		Thrift (off peak)	177
Standby	100	Economy	558
Excursion†	180	First	1,012
Executive	553	First (sleeper)	1,124
First (sleeper)	1,175		

* Theoretical single fare only return ticket sold † Special restrictions.

British Caledonian and Cathay have won licences from the Hong Kong Air Transport Licensing Authority. Laker Airways was refused a licence and is expected to appeal. It proposes a Skytrain fare of £133, one way.

Mr. John Nott, Secretary for Trade, has, in declaring an "open skies" policy to Hong Kong, thrown the ball into the colony's court as far as licensing is concerned. It must now decide whether to endorse the British Government's view that all four airlines should have rights.

Today it will face a barrage of applications for licences and is likely to take a more cautious view of the position than has been taken in London. There would be no appeal for Sir Freddie Laker is the same body rejected a re-application

The changes are a direct result of the British Government's decision to overrule the Civil Aviation Authority for the first time in the CAA's history and license the three airlines that applied to fly the Hong Kong route.

The CAA had earlier approved only the application by British Caledonian, which in March was given an unrestricted licence to operate between London and Hong Kong.

The CAA did not believe the route could support more than one more airline to compete with British Airways.

Mr. Nott yesterday told the Commons: "I believe there is a market for all these carriers in the long term, but at the moment it is entirely up to the four airlines how frequently they fly services to Hong Kong."

He challenged the judgment of hte authority, under legal powers in the Civil Aviation Act, 1971, which also provides the basis for CAA decisions, on the ground that he felt the CAA had placed too much emphasis on the economics of the proposed extra services in the short term.

He believed evidence by Sir Freddie Laker that the CAA had dismissed.

If all the airlines involved used their licences to the full, the result would be a surfeit of seats on the route and an intensified price war. Even the proposed prices would become notional and profits suffer. The first signs of such a war would be special offers by bulk-buying tour operators, similar to those being promoted to Miami and other U.S. destinations.

Hong Kong has insufficient hotel rooms to deal with any sudden surge in custom. If all the proposed seats were filled, more than 4,000 Britons a week would arrive in Hong Kong, which is already popular with Americans, Australians, Japanese and other Europeans.

Cheap package tourism might therefore develop rapidly to surrounding destinations such as the Philippines, Macau and Korea. China itself would be unable to take large numbers for the moment.

Much now depends on the view taken by the Hong Kong authorities. If they follow the London lead, the whole fare system from Britain to the Far East will have been disturbed. A passenger from Madrid to Bangkok, for example, might find it cheaper to fly via London and Hong Kong than direct. That is unlikely to go down well with other intercontinental airlines.

Basically, however, there will be considerable pressure at the Hong Kong end of the route to restrict the flights as far as possible to the level the local hotel industry can handle. Several new hotels are being built but accommodation is not yet always easy to find in Hong Kong.

Laker Convinces Nott, Page 14

Pilkington stake raises £25m

BY JOHN MOORE

THE BELGIAN subsidiary of BSN-Gervais Danone, the French food company, has sold its 7.1 per cent shareholding in Pilkington Brothers, the UK glass manufacturer, in a deal which has raised over £25m.

Mecaniver, S.A., disposed of all its 11.9m ordinary shares in London yesterday through merchant bankers S. G. Warburg and Co., and Lazard Brothers. Cazenove and Co. and Rowe and Pitman, stockbrokers to Pilkington, placed the entire holding with more than 200 institutions in 45 minutes after the London stockmarket opened.

One stockbroker said demand was so great for the Pilkington stock that "we could have easily placed more."

Shares were placed at 215p. On the Stock Exchange Pilkington shares rose 9p to 232p.

Lazards said the shares had been sold because BSN-Gervais Danone wanted the cash to develop other activities.

Mecaniver acquired its 7.1 per cent stake in Pilkington as part of Pilkington's agreement to buy control of Mecaniver's German glass interests.

Pilkington completed the agreement this month, paying £111m. This comprised £84m in cash, with the rest of the consideration satisfied by the issue of Pilkington shares to purchase Macaniver's holdings in Flachglas AG and Dahlbusch Verwaltungs-A.G.

Because Pilkington's annual results were imminent—the group reported its figures last Friday—and Mecaniver received its allocation of shares last week, it was only possible to accomplish the sale this week.

David White writes from Paris: The French company last night described the sale as logical in the context of planned new investments in the food sector. But it added that there was no reason to believe that a major takeover was imminent.

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Thatcher to curb Boyle pay rises

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER gave a clear indication yesterday that salary increases for leading figures in the public sector would be restricted by the Government to well below the recommendations — believed to be of 20 per cent or more — made by Lord Boyle's Top Salaries Review Body.

This is likely to lead to a major row with some groups of the public servants involved, especially nationalised industry chairmen whose salary increases have been regularly trimmed by governments for most of the past eight years. Leading chairmen will consider the situation today.

No decision has yet been taken by the Cabinet on the report of the review body, which covers senior civil servants, judges and service chiefts as well as nationalised industry chairmen. But Mrs. Thatcher's intentions became apparent after sehe answered questions in the Commons yesterday.

Determined

The Prime Minister sees the scale of the increases, which are expected to be announced by the end of the month, as vital to prospects for the next pay round, which is shaping up ominously for the Government.

Mrs. Thatcher is determined to cut back hard on public sector pay in the coming round to set an example throughout the economy and to underline the absence of the same market disciplines that are present in the private sector.

The problem for the top public servants is that their rises will be seen, in political terms, as forming part of this coming round. In fact the rises are only updating pay increases paid a year ago, bringing those involved up to levels of comparable jobs outside the public service.

Mrs. Thatcher made her comments in the Commons when she was urged by a right-wing Conservative MP to pay the market price to the heads of nationalised industries and to ignore "the egalitarians who want everyone paid the same amount."

She replied: "I do believe that we cannot go on having the big public sector pay awards we have had in the past, especially at a time when production is flat."

Another Tory back-bencher added later that public sector pay rises had to bear some relation to what the nation could afford, and if civil servants did not like it the Premier should recommend they join the private sector.

Mrs. Thatcher replied that pay increases in both private and public sectors depended on increased output. "We have to consider future pay claims in the public sector very carefully if we are to keep wages down," she declared.

The Government is now in the middle of a review of tactics for the next pay round and a group of senior ministers met yesterday and held their second meeting on the subject at 10 Downing Street.

A conclusion is unlikely to be reached before late July or early August, when the next stage of cash limits set for the public sector is due to be announced.

Annoyed

A decision on top public servants' pay is expected however within the next few weeks and will be considered alongside the question of pay rises for MPs.

The nationalised industry chairmen will consider the position later today at a meeting of the executive committee of their Chairmen's Group. So far, they have made no public comment, but are known to be annoyed that their pay levels are being turned into a political issue by Mrs. Thatcher before they have been even consulted or told what Lord Boyle's report recommends.

They will strongly oppose the recommendations being cut unless the levels proposed are far in excess of 20 per cent. But, tactically, they know that they have little chance of bringing much influence to bear on a determined Government.

They had hoped that a Conservative administration would be more generous than the last Labour Government which only released substantial rises towards the end of its term of office.

Meanwhile, the industries are finding it increasingly difficult to attract recruits from the private sector and senior executives are sometimes being paid more than the board members whose pay is also covered by the Boyle review.

The problem has been illustrated recently during the hunt for chairmen of corporations such as steel, shipbuilding and the Post Office.

PM renews pledge, Page 14

$ in New York

—	June 16	Previous
Spot	[illegible]	[illegible]
1 month.	.58-1.62 dis.	[illegible]
3 months	4.45-4.39 dis.	4.55-4.45 dis.
12 months	10.50-10.80 dis.	10.75-10.55 dis.

EUROPEAN NEWS

…ION DAY OF ACTION ON LOW-PAID PLANNED

[U]nemployment still rising in France

[BY] DAVID WHITE IN PARIS

[FREN]CH UNEMPLOYMENT [rose] in May for the seventh [month] running to reach 1.47m [in] seasonally-adjusted terms, [...] per cent more thanl n April [a]nd 6.2 per cent more than a year ago.

The figures, which fit in with expectations of a gradual deterioration through the year, came as the principal union organisations agreed on a joint day of action next Wednesday caling for a better deal for the lowest-paid and a reduction in working hours.

The protests, which will take the form of stoppages and demonstrations, are timed to precede a meeting with the employers' federation, the Patronat, on the sensitive issue of working hours.

Co-operation between the rival union bodies, the Communist-oriented CGT and the more Socialist CFDT, appears to have been strengthened after their joint power workers' strike last Thursday, which was in protest against a Government plan to prevent wildcat action at nuclear plants.

The Patronat's cancellation of a meeting the day before and the Government's threat of sanctions after the strike have served to rally union feeling. However, next week's strike is expected to create less disruption than the power stoppage or the previous joint union campaign against changes in the social security system.

The prospect of economic activity being held back by weak household consumption is confirmed in three monthly reports published this week by the Patronat, the Bank of France and the National Statistics Institute (Insee).

The employers' federation said the slowdown had already started but would not be sharp. Sagging consumption would be offset by a growth in productive investment.

The Bank of France said the rhythm of production was generally maintained in May, although actual output dropped because of extended holidays and a series of stoppages. The outlook varied sharply from sector to sector but activity after the summer holiday period was expected to be about the same as before. Employers were expected to continue trimming their work forces, and only skilled labour aws in demand.

The Statistics Institute said that household consumption showed further signs of slowing in May after a slight pickup the month before and that at constant prices it was below the average level last year.

Dutch curb public spending

By Charles Batchelor in

THE DUTCH Government has imposed strict cash limits on departmental spending to keep within its budget forecasts. Despite the curbs and a Fl 3bn (£659m) programme of cuts announced earlier this year, Government borrowing will reach record levels in 1980.

Mr. Fons van der Stee, the Finance Minister, said in his spring budget memorandum that Government spending must be reduced to Fl 108.9bn this year from the Fl 111.6bn forecast in last September's budget estimates. A sharp fall in expired tax revenues means that total Government receipts will be only Fl 96.7bn compared with the Fl 100.5bn at first forecast.

The Government financing requirement has risen to Fl 17bn from Fl 15.3bn forecast in September and includes Fl 3.3bn of repayments of Government loans.

The Finance Ministry now estimates that the budget deficit of both central Government and the provincial and other local authorities will amount to 5.75 per cent of national income. This is just within the absolute limit of 6 per cent which the Government has set itself, although that is still considered to be too high for anything but the short term.

Higher spending on education, the environment and aerospace research has boosted the total Government bill by Fl 1bn over the past few months.

The Government has already raised al but Fl 3.4bn of its Fl 17bn requirement. Much of what is borrowed later this year will not become available until early 1981, however. It has borrowed Fl 4.4bn from the civil servants pension fund, raised Fl 4.3bn on the public capital market, Fl 3.2bn on the private capital market and issued Fl 1.7bn on Treasury bills. It has also borrowed Fl 700m in short-term bank loans.

Kadar plans early reshuffle for Hungary's leaders

BY PAUL LENDVAI IN VIENNA

HUNGARY'S party leadership has decided to carry out a major reshuffle of the Government, involving the replacement of at least two deputy Premiers and the country's planning chief.

Full details of the reshuffle will become known when the new Parliament, elected on June 8, is convened. But it is taken for granted in Budapest that two key economic policy-makers, the deputy Premiers, Mr. Istvan Huszar and Mr. Gyula Szeker will lose their positions.

Mr. Huszar was removed from the Politburo at the Communist Party congress in March and it is understood that his replacement as chairman of the planning office will be announced in the reshuffle.

The shake-up is seen as a continuation of a series of personnel changes which have taken place at the top of the party. In March a third of the Politburo and a fifth of the central committee were not re-elected.

However, the neatly planned reshuffle has run into some difficulty. Mr. Szeker should have become chairman of the state committee for technological development with the present office-holder, Mr. Lenard Pal, a nuclear physicist, being shifted to the position of secretary-general of the Academy of Sciences. But at a recent assembly of the academy, a majority of the members, angered by the political manoeuvring, voted against the replacement of the present secretary-general.

Faced with a serious economic situation and the need for energetic action to cope with the effects of the world energy crisis, Mr. Janos Kadar, the party leader, is seeking to streamline the Government and state apparatus. Addressing the party congress in March he said that the people had had enough of complaints and gloomy forecasts and wanted action.

Mr. Gyorgy Lazar, the Prime Minister, admitted, in a self-critical speech, the weaknesses of Government policy but was re-elected as a Politburo member and is expected to retain his post. It is thought that one of his deputies, Mr. Jossef Marjai, will be given wider responsibilities and may enter the Politburo. This professional diplomat and former Hungarian Ambassador to Moscow has been the country's senior representative in the Comecon executive committee for the past two years.

Hungary's Minister of Defence, General Lajos Czinege, is another candidate for promotion. He is expected to become Deputy Premier after being in charge of defence for 19 years.

Soviet airliners reported grounded

By Leslie Colitt in Berlin

SEVERAL DOZEN of the Soviet Union's largest civilian aircraft, the Ilyushin 62, which is in service with Aeroflot and East European airlines, are believed to have been grounded recently because of serious engine defects.

The grounding was apparently ordered after an investigation of the crash near Warsaw in March of an Ilyushin 62 belonging to the Polish airline LOT. Everyone on board was killed.

An investigation showed the cause of the accident to be "material fatigue" in the engines and an inspection of all Il62s equipped with the same engines subsequently revealed similar problems.

The Il62, the Soviet equivalent of the VC10, is used on long hauls in the Soviet Union and overseas.

Some 30 Aeroflot aircraft were grounded. Also affected were Czechoslovak Airlines, LOT, Romania's Tarom and East Germany's Interflug. The refitting with new engines is said to have led to "widespread and costly problems" for the smaller East European airlines, as Aeroflot's Il62s were the first to have the work done at the Ilyushin plant.

The emergency engine programme is also believed to have led to delays in the production of new Il6s and of the new Il86, the Soviet Union's first wide-body aircraft.

The Il 86, which is intended to carry 350 passengers and has a range of 3,600 km, is scheduled to go into operation in time for the Olympic Games in Moscow next month. However, East Europeans believe this target may now be in danger because of the problems with the other Ilyushin aircraft.

Poland's aviation industry is also involved in the construction of the Il 86.

EEC controls in doubt on toxic hazards

By Giles Merritt in Strasbourg

OPEN disagreement between European MPs at Strasbourg is casting doubt over the Parliament's acceptance of proposals by the EEC Commission aimed at avoiding industrial disasters such as Italy's Seveso or Flixborough in the UK.

A draft directive setting out rules to control major hazards in industries using dangerous materials has been proposed by the Commission and is due to be voted on by the European Parliament today. But there are fears that differences between left-wing MEPs, who are pressing for detailed "blanket" minima to be imposed on all community countries, and Conservatives who claim that such a directive would be unwieldy, now threaten the outcome of the voting.

The bid to police potentially dangerous industrial processes is expected to reduce considerably the chances of toxic hazards in EEC countries if adopted.

Carter's letter seen as a warning to left wing of Schmidt party

BY JONATHAN CARR IN BONN

THE LETEER sent recently by President Carter to Herr Helmut Schmidt, the West German Chancellor is being interpreted here as a warning to the Bonn left wing in advance of Herr Schmidt's visit to the Soviet Union.

Officials here and in Washington have denied that the letter is "rough" in tone—as a West German magazine has suggested—or that it expresses misgivings about Herr Schmidt's talks with President Leonid Brezhnev in Moscow on June 30 and July 1.

The Bonn Government spokesman describes the letter as of the "Dear Helmut" kind, setting out the Western alliance position on the problem of intermediate range nuclear missiles, a topic on which there are said to be no differences between the U.S. and West Germany.

However, it has not been made clear officially why Mr. Carter felt he should underline the well-known alliance position in a letter at all—and that only days before he is due to meet Herr Schmidt at the Western economic summit conference in Vencie.

The explanation being given here is that, while the U.S. Administration has no doubts about Herr Schmidt's own resolve to act on behalf of Western interests, it does fear that the Chancellor may come under growing pressure from the left-wing of his Social Democrat Party to alter his stance.

Hence the sending of the letter and the leaking of its contents in a way which guaranteed considerable publicity, not least through the denials that it contained any critical remarks.

On the face of it these apparent U.S. fears seem more than ever ill-founded, following the Social Democratic congress last week in which the party left was largely dormant on the missiles problem and other alliance issues.

However, the Bonn Government is more than ever sensitive to any suggestion that it may be weakening its stance towards Moscow in advance of the Schmidt-Brezhnev talks. Herr Schmidt recently sent a fiercely-worded telegramme to a newspaper which he felt was misinterpreting his stand on the missiles issue. Also, herr Hans Dietrich Genscher, the Foreign Minister last wek issued a statement after a talk with a visiting U.S. Senator underlining Bonn's dedication to the alliance.

AP reports: King Khaled of Saudi Arabia, on the second day of his four-day visit to West Germany, yesterday called for closer relations between his kingdom and West Germany.

Reform policy urged on Poland's Government

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities must embark on a policy of real political and economic reform if the country is ever to make substantial progress, according to a report by the independent Experience and the Future (DiP) group.

The document suggests that Poland spends too much on defence and that one of the most serious sources of tension at present is that people believe that "relations between Poland and the Soviet Union are unequal."

The report is based on replies to a questionnaire by about 140 academics and other intellectuals last December. Despite their commitment to change, however, few of the people who replied "saw any real chance" that the authorities would undertake the necessary steps, the document says.

Experience and the Future was formed in 1978 as a forum to discuss Poland's problems. When the authorities refused to countenance such meetings, the group produced an outspoken report drawing attention to the political state of the country.

The group's latest report urges economic reforms to improve planning methods, rationalise and control capital investment, reduce the rate of inflation and raise labour productivity. It presses for a stable policy towards private agriculture, which uses 70 per cent of farm land, and says the housing programme should be speeded up.

The report notes, however, that economic changes will not work if a measure of trust is not built up between government and people. This can be achieved by telling the truth about the present economic and political situation, limiting censorship and giving people a greater say in the running of the country.

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EUROPEAN NEWS

Attacks in France spark Spanish lorry protest

BY OUR MADRID CORRESPONDENT

THE BORDER between Spain and France at La Junquera was blocked yesterday and traffic on the main eastern road link was brought to a complete standstill as hundreds of angry Spanish lorry drivers mounted a protest against the violence of French farmers in the Midi who oppose the import of Spanish agricultural produce.

The blockade was sparked off by the sabotaging of a convoy of Spanish lorries 10 miles north of Perpignan on Monday when three lorries were dynamited and seven overturned. No-one was hurt in the attack which was a repetition of similar incidents in recent months.

They come at a time when relations between Spain and France are at a low ebb on account of President Valery Giscard d'Estaing's recent call for a "pause" in further enlargement of the European Community.

An indignant Spanish Press has accused President Giscard of blocking Spanish entry into the EEC in order to gain the French agricultural vote. The Spanish Government has been more restrained in its response, but officials privately admit that the target date of January 1983 for the signing of the treaty of accession is unlikely to be met.

The French ambassador in Madrid, who was summoned to the Foreign Ministry, promised that his Government would protect further convoys with CRS riot police units backed by helicopters. The protesters on the border at La Junquera, however, continued their blockcade, demanding that the protection be extended to cover night driving.

A particular cause for the anger was that six of the sabotaged lorries were empty, while the remainder were travelling through France to other destinations in the EEC. Earlier this month, 12 Spanish lorries laden with agricultural produce and en route to Italy were stopped near Nimes and had their cargoes overturned.

An added source of friction between both countries is centred in the Bay of Biscay where Spanish Basque trawlers last week complained that they were being harassed by French coast guards. The trawler fleet in the area is at present fishing under protection of Spanish naval vessels.

Swiss MPs challenge Ludwig

ZURICH — Social Democratic MPs have asked Swiss authorities to review the tax-free status of the Zurich-based Ludwig Institute for Cancer Research, which was set up with funds donated by Mr. Daniel Ludwig, an American.

The motions filed in the federal and Zurich state parliaments came after a Swiss group which promotes assistance to Third World countries, published a statement questioning the Institute's charity role.

The group which calls itself "Declaration of Bern," claimed that there was some evidence that the Institute was a cover for a "multi-billion franc operation." If asked "does the Ludwig Institute exclusively serve cancer research or does it serve tax-avoiding purposes abroad.

The Institute has rejected the "insinuations."
AP


Herr Schmidt: limit to German contributions

Schmidt sounds warning on EEC contributions

BY JONATHAN CARR IN BONN

CHANCELLOR Helmut Schmidt has warned that the West German Government will not support another European Community finance decision like the one which ended Britain's EEC budget dispute.

In a statement to the Bundestag yesterday, Herr Schmidt stressed he had made "very clear" to the other EEC leaders in Venice last week that there were limits to the sums the Germans could afford to pay to the EEC.

He noted that the European *Commission was to produce* proposals by next June to remove imbalances in the EEC budget to which Germany, with DM 4.3bn this year and DM 5bn next year was much the biggest net contributor.

If the changes proposed did not go far enough, then the question should be raised not only of imposing an upper limit on net contributions for other countries as well as Britain, but on net receipts as well.

Herr Schmidt said the Bonn government was not alone in Europe in adopting this attitude, and he had found "much understanding" when he had expressed his views on the topic in Venice.

In its public pronouncements so far, the Bonn government has not firmly demanded the imposition of ceilings on EEC receipts and expenditure —simply raised this as a course which will have to be taken if other measures fail.

In doing so, it is basing its stand on the declaration of the EEC Foreign Council in Brussels on May 30—which is seen in Bonn as having much wider implications than simply solving Britain's EEC budget problem.

The text of the declaration notes that for the period after 1981, the EEC must carry out an examination of its policies "to prevent the recurrence of unacceptable situations" for any member state.

In the Bonn view that phrase firmly includes West Germany —where a battle is now underway between the Federal Government and the provincial states over the financing of the Brussels budget compromise.

The upshot of this dispute may be higher taxes here next year on petrol and spirits through imposition of what are becoming known as "Thatcher pfennigs"—a reference to the British Prime Minister and her EEC budget bill.

New electronic media gain a wider audience in West Germany

BY ELGIN SCHROEDER IN BONN

TWO LARGE West German cities—Berlin and Duesseldorf —have entered a new electronic era. After two years of successful technical tests, Viewdata and Teletext (or *Bildschirmtext* and *Videotext* to use the German terminology) were launched this week into big market trials. The new media will be tested over three years by 3,000 Berliners and by 3,000 users in the Duesseldorf area to determine future demand.

The trials will be accompanied by scientific studies to evaluate the impact of the new technology, not only on the traditional media such as newspapers and broadcasting, but also on social, cultural and economic life. The Bundespost, the Federal post office, under whose auspices the trials are being conducted, is confident that general introduction of Viewdata and Teletext systems will be possible by 1983 if the trial results are positive and the necessary legislation is passed in time.

Legal snags have already delayed the field trials, which were scheduled to start at the beginning of this year. From the first, the newspaper publishers have contested the right of the broadcasting organisations—which are run as public corporations by the *Laender*, the Federal States—to exercise a monopoly over the transmission of the new media. The publishers argue that Viewdata and Teletext supply information in a written form resembling a newspaper page—albeit on a TV screen. Hence, in their opinion Viewdata "pages" ought to be an extension of newspaper pages.

This controversy over whether the new technology is to be considered "radio" or "Press" has been put on ice for the time being to allow the market trials to proceed. Nonetheless, legislation to authorise them was bogged down for a long time by questions of data protection and advertising in the new media.

Meanwhile, the Berlin Senate and the North Rhine—Westphalian State Parliament have both passed laws allowing every "reliable" information provider to participate in the experiment under a "common carrier" principle. The major German newspaper groups seem to have given up resistance for the moment and seized the opportunity. They have also accepted that advertising—contrary to newspaper use—has to be clearly marked as such and not be mixed with editorial content.

For its trial of Viewdata the Bundespost has bought the British Prestel system, which has been slightly modified for the specific needs of the German language.

German interest in Viewdata has been stunning. After its initial presentation at the International Radio and TV Exhibition in Berlin in 1977, it quickly won followers among potential users and information providers. When Viewdata was next demonstrated at last year's TV exhibition, 125 companies were already active in the field. According to the Bundespost, it has now concluded contracts with as many as 640 companies. In January this year, the number of users of Viewdata, then still under technical trial, had reached 261. It has now gone up to 350 users in Dusseldorf and to 410 in Berlin, with steady increases expected as soon as all applicants have colour TV sets.

VIEWDATA is a system for transmitting information — in text form or graphics—stored in a computerised data base across public telephone lines and displaying it on a television screen at the command of the user. The number of pages stored is virtually unlimited. Direct feedback allows access to information at random. The postal data base is linked to a number of commercial computers which receive inquiries via the postal computer. The postal computer, in turn, receives back the answers and displays them to the inquirers on the TV screen.

TELETEXT is a method of transmitting "pages" of information using television broadcast transmissions. It is a one-way system which does not allow the user to send commands back. Pages (with a maximum of 24 lines at roughly seven words each) are displayed in a fixed sequence. The viewer chooses the page he wants from a printed programme with the help of a keypad. Then he has to wait till the page is offered by the computer. In the West German trials this takes 20 seconds at the most —at four pages per second and a total of about 75 pages.

Under the Viewdata scheme, the viewer in his armchair can call for information stored in a postal data-base through telephone lines linked to his TV set—for example for the latest weather report or for the opening times of the local Internal Revenue office. The information is provided by many sectors of industry and by many institutions apart from the publishers. They include retail trade, the banking and insurance industries, travel agencies and tourist companies, federations, the churches, automobile clubs and consumer groups.

But the inquirer can also begin a "dialogue" with the postal data-base as well as with the computer of another information provider. For example, he can check the prices of special bargains, place an order with a mail order firm, book a flight or instruct his bank to transfer money.

The direct access of a private Viewdata user to companies and institutions intelligence systems distinguishes the German Viewdata trials from the system already functioning in Britain. Unlike Prestel, all the information stored under the German system will be available for general public use. There are no plans to limit access to some classified services to groups of special subscribers as in the UK.

Experts expect commercial application of Viewdata to dominate its use in the market. Herr Jurgen Kanzow, head of the systems planning section of the Federal Post Ministry, says that this "gateway" or "front end" approach to computerised data held by information providers on their own machines via Viewdata fascinates many firms, especially the mail order trade and the travel industry.

Viewdata could also become a cheap means of communications between head offices and branches of smaller companies. "By 1985," Herr Kanzow predicts optimistically, "this clientele will be extended to include a wide range of commercially interested parties such as doctors, dentists, architects and even farmers who will employ viewdata professionally." He expects that the business community alone will probably yield the 1m users that the Bundespost needs to break even.

"Dialogue" or "Interactive communication" is not possible under Teletext, the other medium on trial since June 1. The transmission of this one-way system, which does not allow the user to send back commands, differs from Viewdata in that it is broadcast. It is provided in collaboration between the broadcasting networks and the newspaper publishers. To start with, the TV stations will offer roughly 75 "pages," with 20 lines of programme outline each, while five leading German newspapers will provide on eight pages each political and financial news and information on cultural topics. The viewer can choose the information he wants with the help of a *keyboard*.

The cost of this service to the user is surprisingly reasonable. Teletext is supplied free. All the user has to pay is a monthly rental fee of DM 5 (£1.25) for the Viewdata "Modem" which links the TV set to the telephone, and the local charges for the telephone calls. The "Decoder," the equipment which has to be fitted to a TV set to receive either medium, at present costs around DM 1,400 (£335) but this is expected to drop to DM 200 in the near future. It is installed free of charge by the Bundespost while the trial lasts. An information provider may charge for his service if he specifies this beforehand.

Yet the information providers need not fear the postal bill either. A classified ad appearing on the screen will be less expensive than a comparable one in the local paper. It is the Bundespost, however, which will have to dip heavily into its coffers. Total estimated costs of the field trials have now been placed at around DM 30m (£7.2m)

Zimbabwe coalition split over elections

By Tony Hawkins in Salisbury

MR. JOSHUA NKOMO's Patriotic Front yesterday launched its strongest public attack since the establishment of the Government in Salisbury on its coalition partner, Mr. Robert Mugabe's Zanu-PF party.

The Front, which is junior partner in the coalition with 20 seats in Parliament against Mr. Mugabe's 57, accused Zanu-PF of launching a campaign for local government elections while denying all other parties information which would allow them to contest the elections fairly.

The PF said that the Minister of Local Government, Dr. Zvogbo, had announced in a radio broadcast in Shona last week that the rural elections would begin later this month. "Even then he did not see fit to give the actual date of the poll," the Nkomo party's statement said.

The statement said the Government was using the radio for party propaganda and warned that any elections held in this way would not be free and fair.

The Government also came in for sharp criticism for its policies on information and broadcasting from the former Rhodesian Prime Minister, Mr. Ian Smith.

He said that the growing exodus of whites from Zimbabwe was a direct consequence of programmes on radio and television which hurled insults at the white community. He said that the broadcasting media were obviously in the hands of extremists.

The media's policy appeared to be in conflict with Mr. Mugabe's stated aim of achieving reconciliation and harmony.

Mark Meredith, recently in Tokyo, looks at Japan's plans to boost its defence effort

Rising to the challenge of Soviet strength

JAPAN'S MILITARY planners have drafted medium term proposals to respond to the rapid growth of Soviet armed strength in the Far East which is altering the military balance in the region.

These strategic plans, worked out in joint military consultations with the U.S. would give Japan a specific wartime role of sowing mines in the Soviet Navy's only three access routes out of the Sea of Japan into the Pacific. The air wing of the Japanese Navy, the Maritime Self-Defence Force, would join American aircraft planting mines in the Strait of Tsushima in the south of Japan and the Tsugaru and La Perouse straits north and south of the northern island of Hokkaido. The third access route, north of the Soviet island of Sakhalin, is shallow and iced up for most of the year.

There are several hurdles ahead before the proposals can become part of defence policy, including the source of funds for the new capability.

However, the planners in the Japan Defence Agency say the proposals meet an urgent need to define strategy at a time of deteriorating East-West relations. The strength of the Soviet arsenal in the region is increasing fast and threatens to overtake the U.S. One Japanese authority assesses U.S. strength at 30 per cent down over the past two years.

It is difficult to play with figures when comparing the might of these two superpowers and estimates need qualifying, for example, with reports of poor efficiency among the Soviet submarine force out of Vladivostok.

But in filling the gap as the Japanese see it, their proposals are designed to comply with the legal restraints on Japan's military capability.

More important, the military feel the draft takes policy beyond the traditional and often inflamed debates about the military complexion of Japan and beyond controversies over the exact percentage figure of the gross national product acceptable for military spending (presently 0.9 per cent).

The complex and contradictory notions of nationalism, pacifism and neutrality are reflected in the current parliamentary election campaign. The ruling Liberal Democratic Party with its traditional industrial backing has accepted the gradual improvement of the self-Defence Force and here are growing signs of acceptance among the military's traditional opponents.

Mr. Ichio Asukata, chairman of the Japan Socialist Party indicated in a campaign speech that his party would be ready to accept the Japan-U.S. security treaty which forms the basis of the country's defence. The Socialists have in the past urged that the treaty be abrogated in favour of a neutral Japan.

The Communist Party stresses the need for independence and neutrality while on the extreme right-wing there have even been calls for a separate nuclear capability for Japan.

Recent public opinion polls also show increasing public acceptance of the military and concern over U.S. and other foreign criticism that Japan is getting a "free-ride" in defence matters, sheltered by the U.S. nuclear umbrella. Simultaneously there are doubts over the reliability of the umbrella as the United States faces crises in Iran and Afghanistan.

In the past year the basic weaknesses of Japan's defences have also come into the open and Press articles show a growing awareness of the vulnerability of Japan with its heavy concentrations of industry and proximity to Soviet warheads.

In January, an article about just how easy it would be for the Soviet Union to invade Japan was published by General Hiroomi Kurisu, former chairman of the Joint (defence) Staff Council, who had earlier resigned after pointing out the inadequacies of the military.

Professor Hisao Iwashima of the National Defence College points to a basic shortcoming within the Defence Agency with little or no co-ordination between the ground, air and maritime forces and a weakness of the civilian administration assigned to run the department. Bureaucratic weaknesses have recently led military leaders to by-pass their civilian counterparts to take vital issues straight to the Cabinet.

Professor Iwashima also feels there is still no consensus in Japan between defence policy and public opinion. Uncertainty, indifference and contradictions about defence have also prevented qualitative improvements in the calibre of the military. Senior ranks usually have experience from the last war but few graduates from the universities opt to join the office corps.

Top civil servants need to be recruited from outside the Defence Agency such as Mr. Toru Hara who was brought in from the Ministry of Finance to co-ordinate planning and procurement. He is shortly to take over as administrative Vice Minister of Defence.

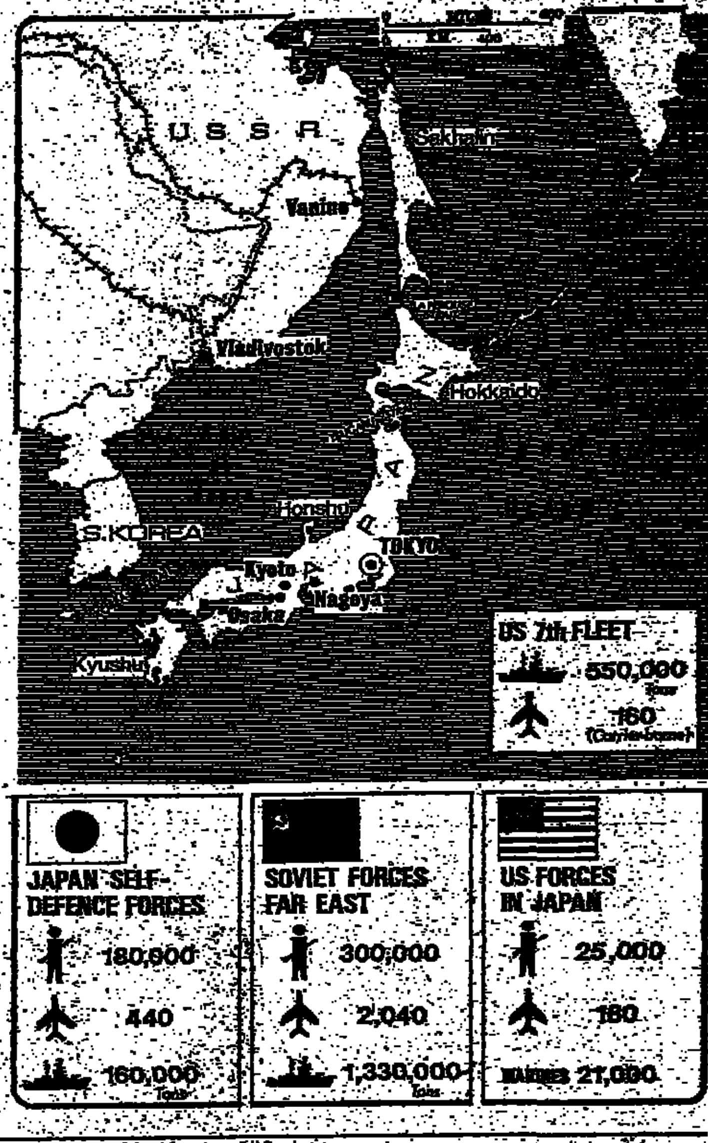
The military planners meanwhile want the government to agree to reach a budget target of 1 per cent of GNP in defence spending — nearly Y3,000bn (£6.26bn) - one year ahead of schedule. Financial planning under the existing four-year plan to 1984 will virtually freeze current spending on manpower at about Y1,076m a year, thus concentrating on weapons procurement.

The mine-seeding capability is not reflected in the estimates but the maritime force will receive the largest increase in expenditure over the four years reaching Y1,120bn in 1984.

To give the Maritime force its mine-laying capability would require, in the view of military analysts, the purchase of American C-130 aircraft as well as other undefined military systems. Japan has the technology to develop weapons systems to cope with a wider role although the planners say they would still depend on the U.S. for these systems. Up to 80 per cent of procurement expenditure over four years is expected to pay for weapons produced in Japan.

Purchases abroad will chiefly be American F-15 fighters for the air self-defence force. The force has 23 and is due to have 100 in 1984.

It is not yet clear whether the mine-laying proposals could be accommodated within the existing four-year defence budget, or would have to wait either for post-1984 budgeting or political and public pressure for additional defence outlays.



Delhi losing patience with Soviet promises

THE STRONGEST demand so far made by India for a withdrawal of Soviet troops from Afghanistan came yesterday when Mr. P. V. Narasimha Rao, the foreign minister, reported to Parliament on his recent visit to Russia, K. K. Sharma reports from New Delhi.

Mr. Narasimha Rao indicated that India was sceptical of Soviet promises to withdraw. He said recent reports from Afghanistan suggested that the promise by the Russians to leave soon did not seem to be as strong as it was.

It is time for us to ask ourselves whether the Soviet troops have not become, or are not likely to become, a pretext for those who wish to create further instability.

India has been more sympathetic to the Russian position than many non-aligned countries, but now appears to be losing patience.

Mr. Narasimha Rao called for a political solution while this was still possible and said that the immediate task was to undertake consultations for the limited purpose of getting a dialogue started.

Pakistan welcomes U.S. offer on debts

By David Housego

PAKISTAN HAS welcomed what it calls a change of heart by the United States in agreeing in principle to a rescheduling of Pakistani debts for the fiscal year 1980-81.

But Pakistan has still to decide whether to bow to terms attached to the offer. These require Pakistan to accept an economic package involving conditions equivalent to those accompanying a second tranche drawing from the International Monetary Fund.

Acceptance of the U.S. terms would pave the way for debt rescheduling by other donor nations and would benefit Pakistan by about $250m (£106m) next year. But the Pakistani Government has been holding out against accepting tougher IMF conditions which would almost certainly involve a further reining in of the budget deficit through a reduction in subsidies or an increase in electricity and other public utility charges.

An IMF mission has been in Pakistan recently and the Pakistani attitude is likely to be made clear in the forthcoming budget for the fiscal year beginning July 1. Unlike last year Pakistan has the resources to ward off IMF pressure temporarily because its foreign exchange reserves are close to $800m.

The U.S. decision was announced at last week's meeting of the aid consortium in Paris which involves major donor nations. The U.S. said that in Pakistan's case it was willing to make an exception to the general U.S. rule of opposing debt rescheduling except in cases of imminent default. The change of attitude reflects U.S. strategic interests in south-west Asia following the Soviet invasion of Afghanistan.

Nonetheless the U.S. pledged only $65m of the $1.1bn of new aid for Pakistan—a total 30 per cent higher than last and more than Pakistan was seeking. The smallness of the U.S. contribution arises from U.S. opposition to Pakistan's nuclear policy, and, without debt rescheduling, means that the U.S. will be a net recipient of funds from Pakistan. Pakistan owes the U.S. over $90m in debt servicing for 1980-81.

The major source of new funds for Pakistan was Japan which more than doubled its pledge of aid to Yen 32bn (£62.87m).

Thais start Kampuchea repatriation

—About 500 Kampuchean refugees left a big camp in eastern Thailand yesterday at the start of a voluntary repatriation operation. The programme, run by the UN and the Thai army, has been denounced by the Vietnamese-backed Government in Phnom Penh.

Many of the refugees told reporters they were worried about returning to the border, eight miles away, but that they were anxious to trace missing relatives.

Given a choice of four border crossing points, all but about 70 of the refugees headed for a distribution centre on the border near the Thai village of Nong Chan.

Refugee officials have expressed concern at the possibility that Khmer Rouge cadres, supporting the ousted Kampuchean regime, will try to force people to return to an area under their control.

Reuter

Begin calls Cabinet talks on defence cuts row

BY DAVID LENNON IN TEL AVIV

ISRAEL'S CABINET will hold a special session today to try to resolve a dispute over cuts in the defence budget which has brought resignation threats from officers opposed to the cuts and from Mr. Yigal Hurvitz, the Finance Minister, who insists on them.

The Cabinet will also have to try to defuse a row which has broken out in the coalition over the role played by General Ariel Sharon, the Agricultural Minister, in trying to push through the cuts.

The budget row led to the resignation last month of Mr. Ezer Weizman as Defence Minister. He refused to be responsible for national security if the defence budget was cut as proposed by I£15bn, which is 7.5 per cent of the total defence allocation for 1980-81.

Mr. Hurwitz insists that the cuts must be made if there is to be any hope of halting the deterioration in the national economy which includes three-figure inflation and a widening balance of payments gap.

Mr. Menahem Begin, the Prime Minister and acting Defence Minister, appointed Gen. Sharon to head a committee into the cuts. After a five-hour sitting on Monday, it listed areas where spending could be reduced.

Defence Ministry officials and members of the general staff have said the proposed reductions would impair the fighting ability of the forces.

Gen. Haim Barlev, a retired chief of staff, and now secretary-general of the Opposition Labour Party, said yesterday: "Cuts of this magnitude cannot be made without severely affecting air defense capability and I am totally opposed."

On July 17th, Cathay Pacific flies to Hong Kong at the dot of a dragon's eye.

To the Chinese, the dragon is the symbol of honour, energy, kindness, perfection—everything that is good. To "dot the dragon's eye" is to give life to the dragon, thereby bestowing all the qualities of the dragon upon a new venture.

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AMERICAN NEWS

U.S. plans to resume crude oil stockpile

By David Lascelles in New York

THE U.S. is to resume stockpiling crude oil in its controversial Strategic Petroleum Reserve later this year, despite the risk of displeasing Saudi Arabia.

In what will probably be the last legislative action in the energy sphere in this Administration, a House-Senate conference agreed on Monday night to authorise stockpiling at the rate of 100,000 barrels a day.

They deliberately delayed their decision until after last week's meeting of the Organisation of Petroleum Exporting Countries in Algiers to avoid provoking the Saudis who had indicated their dislike of the project because of its likely impact on the world oil market and prices.

However, the resumption could still become an irritant in U.S.-Saudi relations.

The reserve was authorised by Congress after the oil crisis of the early 1970s, but ran into mechanical and political difficulties. Stockpiling was eventually abandoned last year, partly to mollify the Saudis.

Eventually, the reserve could hold as much as 1bn barrels of oil, enough to supply the U.S. for several months in the event of a complete oil cut-off from the Middle East.

However, it currently holds just short of 100m barrels, and there have been suggestions that the final target should be cut, or that oil companies should assume some of the responsibility for storing the oil.

Under the terms of the House-Senate accord, the reserve may be filled not only with imported oil, but with stocks from the existing military reserve in California, and from oil obtained as royalty payments on Federally-leased oil land.

Small rise in U.S. incomes

WASHINGTON — Personal income in the U.S. rose 0.1 per cent in May, the U.S. Government reported yesterday. The small increase offset a 0.1 per cent decline in April.

The inability of Americans to improve their incomes occurs despite an easing inflation rate. But, as consumer price inflation fell from an 18 per cent annual rate to 11 per cent, unemployment had risen from 6.2 per cent to 7.8 per cent, the Government said.

It said the personal savings rate rose to 4.5 per cent in May.

AP

Chrysler rescue postponed as some banks hold out

BY IAN HARGREAVES IN NEW YORK

THE DEADLINE for completing details of the $3.5bn (£1.5bn) rescue of the Chrysler motor company has been deferred yet again amid indications that the U.S. Government is still struggling to whip between six and 12 reluctant banks into participating in the deal.

Members of the Chrysler Loan Guarantee Board, which is overseeing the formulation of the rescue plan, yesterday held a telephone conference to agree on a 24-hour adjournment of a session planned for today.

Those involved in the negotiations said it was still impossible to predict whether the revised deadline would be met. "It is still possible that the refusal of a handful of banks to join the deal could throw Chrysler into bankruptcy," one leading figure in the negotiations said yesterday.

According to those familiar with the talks, the bank currently proving the most difficult negotiator is Banco de Vizcaya of Spain. A spokesman for the bank in Madrid said it would not renew an already-expired 90-day extension of its loan to Chrysler, but he would not give the amount of the loan.

Other reluctant creditors in Europe remain the Banque Bruxelles Lambert of Belgium and the Deutsche Genossenschaft Bank of West Germany, but some progress is said to have been made in talks between Chrysler and these three banks in the last couple of days.

"It is still possible that the refusal of a handful of banks to join the deal could throw Chrysler into bankruptcy," one leading figure in the negotiations said yesterday.

The Government, under pressure from the 350 banks which have already agreed to the terms of the rescue, is telling the rebels that there is no question of any of them being paid off by Chrysler, as is often the case in large and complex financial packages of this type.

"It's still a case of all in or none in," one harrassed official said yesterday.

Mr. Lee Iacocca, chairman of Chrysler, is taking a calm approach to another crisis for his company, which last week announced that it could no longer afford to pay its suppliers.

He said in Los Angeles that he was confident that the deal would be complete within 72 hours, and that the company would then be able to proceed, through Salomon Brothers—its financial adviser, to issue the first $500m tranche of Government guaranteed notes which will give it access to the cash it desperately needs.

It is clear that for the U.S. Treasury the final thrust on its plan to save Chrysler from bankruptcy is its major priority of the moment. Mr. William Miller, the Treasury Secretary, is reliably reported to have talked with other senior government officials in various European capitals about the importance which the U.S. attaches to completing the Chrysler deal.

For several weeks a Treasury team led by Mr. Robert Carswell, Deputy Treasury Secretary, has done little but pursue the rebel bankers in phone calls and personal meetings across the world.

Between them the Treasury, the company, and Salomon Brothers have attempted to coral their friends in several countries to plead on Chrysler's behalf and to stress the political importance of the issue to the U.S.

Behind these approaches, which have been amplified by contacts between Chrysler and the rebel banks, lies the clear threat that if any foreign bank holds out, it will not only face public vilification in the U.S. as the organisation which sent Chrysler into liquidation but that it will find it very hard to conduct business in the U.S. in the future.

For the half dozen or so U.S. banks—all of them very small—still resisting the deal, persuasion has centred on trying to convince the bankers that they stand to lose more by a Chrysler bankruptcy than by coming on board.

The problem with all these tactics is that some of these banks obviously believe that they can be released from Chrysler and get their money back, while the bigger banks shoulder the burden of keeping the company in business.

One of the ironies has been that two or three of the U.S. problem banks are based in Michigan, at the centre of the U.S. motor industry, where Chrysler has its headquarters.

In a separate development yesterday, Chrysler announced that it was moving forward by two weeks the launch date for its K-body cars in August in order to increase its production run this year.

The K car is a medium-sized, by European standards, vehicle on whose success Chrysler's future depends.

Mr. William Miller . . . talks in Europe

Guyana invites bomb probe

BY OUR GEORGETOWN CORRESPONDENT

THE GUYANA Government has announced that it will invite at least one explosives expert from either Britain or the U.S. to assist in the investigations into the [illegible] which killed Dr. Walter Rodney, a leading opposition activist and critic of the administration, last Friday.

Dr. Rodney's Working Peoples Alliance (WPA) and other opposition parties and groups claim he was assassinated, but the opinion of police experts and the Government pathologist here is that he was killed by an explosive device which was probably held in his lap.

The decision to seek foreign help in the probe underlines Government concern to ensure the investigations are seen to be impartial.

Dr. Rodney was one of three alliance leaders on an arson charge related to the burning down of the secretariat of the ruling People's National Congress 11 months ago. The WPA mounted an international campaign of solidarity with the accused which brought international observers to the trial which began this month and has now been postponed. There is certain to be international interest in the investigations into Dr. Rodney's death.

A number of Caribbean leaders and groups have already said Dr. Rodney was assassinated. His WPA is part of the "new left" in the region and has strong links with the militant leftist organisations in the Caribbean. He was also regarded as one of the most brilliant young intellectuals in the area.

Carter, Hussein in Mideast talks

WASHINGTON — President Carter yesterday met King Hussein of Jordan, and stressed that there was "a great deal in common" between the U.S. and Jordan over the best route to peace in the Middle East.

Mr. Carter acknowledged differences, though, chief of which is King Hussein's refusal to play the role the U.S. planned for Jordan in the Camp David peace accords between Israel and Egypt.

The disagreement about Camp David is deep and State Department officials said yesterday they were under no illusions that the King would change his position after meeting with the U.S. leader.

They said Mr. Carter simply hoped to reopen the dialogue with King Hussein that has been disrupted by the trauma of Camp David.

Later, both leaders chose to emphasise the positive in their public remarks. "This friendship has been tested in crisis and it has withstood all tests without damage," Mr. Carter said. He praised King Hussein for his "enlightened rule," and his "commitment to progress."

King Hussein, in his response, said the people of Jordan and the U.S. "share a common vision . . . regardless of the differences in terms of outlook."

AP

'China to limit use of foreign credit lines'

By Tony Walker in Peking

MR. PAUL VOLCKER, chairman of the board of governors of the U.S. Federal Reserve, has been told that China is likely to make only limited use of the foreign loans now available to it.

Mr. Volcker, who is visiting China, said Chinese bankers had made it clear that they were "concerned" as to how to utilise the lines of credit China negotiated in a flurry in 1978.

Mr. Volcker's statement confirms a trend, previously apparent, that China is turning towards cheap development assistance such as the large low interest loan negotiated with Japan last year.

China's recent moves into the International Monetary Fund, the World Bank and its affiliates also point to this trend and Mr. Volcker said it appeared China had negotiated more credit than it needed.

Mr. Volcker has had discussions with Chinese bankers and also representatives of the State Planning Commission

He said Chinese bankers were looking at ways to increase savings and at the way these could be boosted by movements of interest rates. The Chinese wanted to use savings to expand investment in rural areas, which has been neglected, he said.

China recently increased interest rates on savings to an upper limit of about 5 per cent on long-term deposits.

The U.S. official said Chinese bankers were keen to encourage investment in agriculture and light industry. However, the authorities appeared concerned by deficiencies in transport and energy development.

According to an official travelling with Mr. Volcker, the Chinese have said they would more readily draw on foreign loans for projects which would generate foreign exchange.

Court gives spur to genetic engineering

WASHINGTON — THE U.S. Supreme Court has ruled that forms of life created in a laboratory may be patented just like any other product, and thus removed a major barrier to widespread industrial use of genetic engineering.

The 5-4 decision, written by Chief Justice Warren Burger, said a living organism is covered by the Federal patent law's definition of "manufacture" of inventions or discoveries.

Industry and university researchers predicted the ruling will spur an upsurge in genetic engineering work. Those wishing to exploit the techniques have complained that the inability to protect biological products and organisms discourage research, because profits could not be assured to cover costs.

Without patent protection, industry must try to keep the organisms as trade secrets. This keeps others from selling the works, and perhaps building upon it, and prevents a company from licensing a product for others to produce.

Mr. Thomas Kiley, a vice president of the San Francisco-based genetic research firm, Genentech, said the ruling was particularly important to smaller companies "who can be protected by patents so that they can enter fields such as pharmaceuticals which have been dominated by large firms."

Mr. Irving Johnson, vice president for research at Eli Lilly, the largest U.S. pharmaceutical manufacturer, said industry preferred to patent products instead of keeping them as trade secrets. The full impact of the ruling would depend upon further interpretations by the patent office and the courts, he said.

Most of the research in question involves recombinant DNA technology. This involves taking the basic material of heredity — deoxyribonucleic acid—and transferring it from one species of organism to another, usually bacteria, to create organisms not found in nature.

So far, this "gene-splitting" has yielded bacteria that make medically useful but hard-to-find human products such as insulin, growth hormone, anti-viral interferon and others.

Scientists also are trying to create organisms for other areas, such as agriculture and pollution control, including food plants that take nutrients from the air and do not require fertiliser.

Enthusiasm for the research has dampened most initial concern that genetic manipulation could be dangerous—leading to creation of uncontrollable disease organisms—or promote undesirable tinkering with human genes, such as the temptation to create "perfect" people.

The Supreme Court, upholding a ruling by the U.S. Court of Customs and Patent Appeals, said the Government must approve a 1972 patent request by General Electric for an oil-eating bacterium invented by one of its employees. However, it noted that Congress is free to amend the law to exclude these organisms or write a new law to cover them.

AP

WORLD TRADE NEWS

UK banks meet increased Mexican credit demand

BY LORNE BARLING

AN INCREASING flow of export orders from Mexico, won by British companies, has led to the signing of finance agreements worth $100m (£42.7m) and more. with at least the same value, in the pipeline.

The orders are related to Mexico's rapidly developing oil industry and industrial projects being carried out on the strength of the country's increasing wealth.

Baring Brothers, for example, yesterday announced the signing of a $50m buyer credit agreement over 18 months with Petróleos Mexicanos to finance the supply of British plant, equipment and services required by Pemex, the State oil company, in the development of the oil, gas, refining and petrochemical industries.

This agreement follows a $50m export credit arranged by Barings for Pemex in 1978, which has been fully utilised.

The syndicate of lending banks in the present agreement, backed by the Export Credits Guarantee Department, comprises the Bank of Scotland, Canadian Imperial Bank of Commerce, Grindlays Bank, Lloyds Bank International, The Royal Bank of Scotland, Banco Nacional de México and Bancomer SA.

LBI is also providing a buyer credit of $30m for the supply of knocked - down Massey - Ferguson tractors to Agromak, part of the Mexican Grupo Industrial Alfa of Monterrey, the fast developing industrial group. This will be a two-year ECGD-backed credit at a rate of 7½ per cent per annum.

The European Banking Corporation is to provide a credit of $11.6m, in conjunction with the Midland Bank, for the purchase of five HS-125 executive jets by Servicios Aeros Regiomontanos (SARSA), which is part of the Alfa and Visa group. This will be covered by the ECGD, but an additional $9.2m provided by the two banks for the same purpose will not receive that cover.

It is understood that an additional $50m buyer credit will be provided by one of the London clearing banks, following the signing of a letter of intent, for the purchase of British equipment for a steelworks to be constructed by Hylsa, also a subsidiary of Alfa.

Japan steel hurt by decline in exports

BY RICHARD C. HANSON IN TOKYO

A DROP in exports will lead to the first quarterly decline in Japanese crude steel production in two and a half years, according to a Government projection for the July-September quarter.

The Ministry of International Trade and Industry (MITI) estimates that crude steel output will slip to 27.75m tonnes next quarter, compared with about 29.25m tonnes for the current three months.

On an annual basis, the projection translates into 111m tonnes for the year ending March, 1981, compared with 113m tonnes last fiscal year. The operating rate next quarter for the industry will dip slightly below the 70 per cent level from the present 71.3 per cent. Japan has 159.9m tonnes in total theoretical capacity as a result of a pre-1973 oil crisis building spree.

The decline is mainly attributable to a deterioration in the prospects for exports during the quarter. Export shipments will be down 1.1m tonnes from this quarter to 5.65m tonnes, because of slower shipments to the U.S., Southeast Asia and the Middle East. Exports could be even lower if agreement with the Soviet Union on the financing of large-scale pipe exports is not reached. Those shipments, 350,000 tonnes for the six months to September, are included in the MITI "guidepost."

Domestic demand for steel continues to be relatively strong, particularly from the construction industry, but shipments will decline by about 70,000 tonnes to 16.17m next quarter as manufacturers dip into inventories built up early this year in anticipation of price increases.

Tokyo seeks reversal of U.S. truck duty decision

TOKYO—Japan has asked the U.S. to rescind its decision to raise import duty on small Japanese trucks to 25 per cent from the present 4 per cent, Trade and Industry Ministry (MITI) officials said.

A written request was made to the U.S. Government following a U.S. Customs decision which reclassified lightweight truck chassis to unfinished trucks and turned a 4 per cent duty into the 25 per cent levy, they said.

The Japanese said such a reclassification is barred under provisions of the General Agreement on Tariffs and Trade (GATT).

Reuter

Paper plant exports rise

BY OUR WORLD TRADE STAFF

THE BRITISH Paper Machinery Makers' Association reports that exports by its member companies amounted to £53m last year, an increase of £10m over the previous year. The exports represented 60 per cent of the total machinery sales by association companies.

In announcing the results, Mr. Charles Leveson-Gower, the association chairman, said the industry "may be about to turn the corner, but essential changes necessary in Government policy will also dictate that rate of turnaround."

"Companies are suffering from severe competition, both in their home and export markets. This is not only due to the high exchange rate of the pound, but to our high inflation rate, which is hurting us badly."

Swiss watch sales up 11%

BY JOHN WICKS IN ZURICH

THE SWISS WATCH industry is experiencing a recovery of its overall sales on world markets. Exports, which had dropped by some 5 per cent in 1979, rose by 11.5 per cent in an annual comparison for the first four months of this year.

In the month of April alone, sales value was higher by as much as 21.1 per cent than for the corresponding month of 1979 and volume exports were up by 21.8 per cent.

The improvement for the entire January-April period involved all branches of watch and movement production. By far the most important increase was that of 38.1 per cent, to SwFr 223.07m (£57.9m), booked for electronic and electrical models. Anchor watches and movements, still the major category in the Swiss industry, showed a value growth of 2.2 per cent to SwFr 551.94m for the period.

Iran oil bid by Spain, Yugoslavia

By Andrew Whitley in Tehran

SPAIN AND Yugoslavia are negotiating to purchase additional quantities of Iranian oil. Unconfirmed reports yesterday said a Spanish company has already concluded an agreement but no details were available.

The revival of commercial interest in Iran's previously high-priced oil follows recent disclosures of substantial price cutting for some customers as well as the statement by Mr. Ali Akbar Moinfar, the Oil Minister, that Iran intends to raise its output in the Persian Gulf commencing Saturday.

Mr. Moinfar yesterday met a high-ranking Yugoslav delegation which, according to the official Pars News Agency, was to increase their crude oil purchases above the modest 10,000 b/d they are presently believed to be lifting.

Pars said Belgrade would be sending a team of oil experts within the next fortnight to conclude an agreement. Yugoslavs are also reported to have offered to complete unfinished petrochemical projects in Iran and supply badly needed spare parts.

Earlier this month a Yugoslav delegation visited the Iran-Japan petrochemical complex at Bandar Mahshahr on the Gulf, where construction is 85 per cent complete. But according to Iranian site engineers, they said they could not take on the task of completing the giant project for technical reasons.

Spain has also shown an active interest in trading with Iran despite the sanctions being applied by its neighbours Portugal and the nine EEC countries. Three private Spanish companies are believed to be lifting approximately 32,000 b/d of crude oil at present.

Powell Duffryn in U.S. project

By Our World Trade Staff

POWELL DUFFRYN'S bulk liquid storage division is to develop, in association with Dow Chemical of the U.S., new liquid chemical storage facilities at its existing terminal at Bayonne, New Jersey.

The capital cost of the project is estimated at $45m (£19.2m) and will be financed largely by State development funds.

The balance of funds for the project, after that generated by the issuing of state development funds, will be provided by both the companies, although details of the sums involved have not been revealed.

Economists accuse West of victimising newly industrialising states

BY DAVID DODWELL

THE NEWLY industrialising countries (NICs) are being bullied by the diplomatically strong industrial nations of the West, and are being used as scapegoats for present economic problems and industrial failings.

This claim is made in a report prepared by a team of leading British and American economists in a recently published paper from the Royal Institute of International Affairs.

The report claims that the economic threat posed by the fast-growing NICs is greatly exaggerated. It accuses the Western powers of exploiting the diplomatic weakness of the NICs, of victimising them because of inability to strike at the heart of the West's economic problems—slow growth, increasingly aggressive competition from other fully industrialised nations, and the problems of adjustment into new, technologically sophisticated industries.

The eight NICs, which account for 75 per cent of manufactured exports from the developing world, include the four 'super-competitives' — South Korea, Taiwan, Hong Kong and Singapore, followed by Brazil, Mexico, Yugoslavia and India.

The NICs combined share of world manufactured trade is still no more than 10 per cent—most estimates are around 8 per cent. If these exports are taken as a share of all manufactures consumed within the countries comprising the Organisation for Economic Co-operation and Development (OECD). They account for just one per cent.

"Changes in home demand, increased productivity and competition from other industrialised countries" are the main causes of job losses in the West. NIC competition has displaced just 2 per cent of Britain's labour force since 1970, the report claims.

Job losses are more than compensated for by job creation in industries which export back to the NICs—and the Western nations as a whole have never been in trade deficit to the NICs.

Between 1963 and 1977, the trade balance in favour of the OECD countries grew by more than 400 per cent. to $18.16bn, the report notes.

"The NICs should be seen not as a threat, but an opportunity," the report says. They are the fastest growing economies in the world — for example, Singapore 10.2 per cent. Hong Kong 4.8 per cent. South Korea 11.1 per cent and Taiwan 12.8 per cent. This compares with average OECD growth now at less than 3.5 per cent.

Declining growth among the OECD countries is perhaps the most significant reason for the "mean spirited" assault on the newly industrialising countries. As growth has slowed, problems of industrial overcapacity—particularly in steel and shipbuilding—have mounted, tightening the already severe competition among industrialised nations.

This mean spiritedness has most often taken the form of calls for protectionism, more often than not a "tragic waste of effort" according to the report.

"It must be recognised that the world is moving in a protectionist direction and that the NICS will be singled out for relatively harsh measures because of their being diplomatically weaker.

"Protectionism involves the defence of obsolete industrial structures," it says. "Far more attention should be given to encouraging the positive evolution of (modern industrialised) countries toward the industrial structures which will give job security in the 1990s."

The report acknowledges that there are a few instances of genuine need for protection — in textiles, shoe making, and electronics in particular. But protectionism can buy time for an industry and cannot ultimately save it.

The report, nevertheless, identifies areas of genuine grievance among Western industrialists. On the labour front, trade unions are often illegal in NICs, with wages abysmally low, long hours expected of workers, and the exploitation of child labour. It is difficult to defend "comparative advantage" when it relies on such socially exploitative industrial practices.

Similarly, there are strong, but rarely substantiated, suspicions that "preferential finance" for industries constitute an unreasonable subsidy, and that tariff walls erected around the NICs "infant industries" are unjustifiably high.

The authors are, nevertheless, deeply suspicious of interest group's demanding protection in the West. They claim the EEC position "is not worth defending because trade issues bring out so much special (often intellectually dishonest) pleading that no (industrialised economy) can yet be trusted to use selective safeguards equitably."

"Governments have been inclined to accept the argument that the difficulties of their industries were of a short term nature and could be solved by temporary defensive measures. While such arguments are used to justify selective policies, the motivation behind them is often that failure to act will lead to the closure of plants in an electorally important political constituency.

"Modern democracies are sensitive to numbers," it adds. "Especially to number of people concentrated in specific regions, or in particular electoral districts where they can make or break political careers."

This argument can clearly be applied to the success of the textile lobby in the northwest of England, and to lobbies in depressed textile regions in Europe.

The report also points out an export threat from a NIC does not necessarily result in demands for protection: Western industries dominated by multinationals, such as electronics and petrochemicals, for example, are still relatively free of trade restrictions.

Industries most likely to call for protection are relatively free from multinationals, have narrow product lines, have a high degree of state involvement, and are employment intensive. Governments are also likely to protect certain "core" industries that are either strategically important or at the heart of a country's industrial structure.

Accepting that we live in a "second best" world, the report suggests that NICs should accept Western demands for selective safeguards against their exports, but only when they are sure that the safeguards are temporary, and that they are truly selective. The onus must be on the Western nation to objectively demonstrate that imports from the offending source really are causing the alleged damage.

Living with the Newly Industrialising Countries, by Louis Turner, Colin I. Bradford Jr., Laurence G. Franco, Neil McMullen and Stephen Woolcock. Chatham House Paper No. 7. Available from Royal Institute for International Affairs, £5.

BRITAIN'S failure to come to terms with mounting industrial competition from developing countries is likely to result in its sliding fast down the "league table to world wealth," according to Mr. Louis Turner in his paper, "Living with the Newly Industrialising Countries."

He warns of signs that Britain is "insufficiently adaptable to maintain (its) privileged position in the global hierarchy—and blames the decline on stagnant research and development spending, and on Britain's "relatively conservative entrepreneural and labour relations culture."

"The British economy is catching the worst of both worlds. The top end of the economy is stunted by competition from the best of the industrialised nations, while the bottom end is under challenge from the best of the NICs," he claims.

"There are too many Britons engaged in low-to-medium grade industries which are becoming increasingly indefensible as the capabilities of the NICs slowly improve," he said.

"Out of 10 advanced industrial countries recently surveyed, Britain was the only one where real spending on industry-financed research and development has fallen."

U.S. assurance on imports of reactor spares

BY DAVID FISHLOCK IN STOCKHOLM

BRITAIN would have no problems with the U.S. Government over import licences for major parts of the U.S.-designed nuclear reactor which the Central Electricity Generating Board plans to build, a senior State Department official promised here today.

The British nuclear industry expects to import about 25 per cent of value of the first 1100 MW pressurised water reactor.

Westinghouse, the reactor licensee, is the preferred source of most components, such as the steam generators and reactor internals, none of which is at present manufactured in Britain.

But doubts about U.S. policy on nuclear proliferation and the Carter Administration's willingness to guarantee exports of so-called "sensitive" nuclear technology—that is, technology considered to have a use in making nuclear weapons—has led the UK reactor industry to consider purchasing elsewhere.

Dr. Thomas Pickering, of the State Department, speaking on current U.S. proliferation policy at a conference on the future of nuclear power, said his Government had already relaxed its restraints and had begun to issue nuclear fuel licences valid for up to five years.

Fuel cycle

It was considering "significantly longer-term" licences for countries with what he called "good non-proliferation credentials."

But Dr. Pickering warned against any idea that the international industry could return to the position on nuclear development and commerce that existed before its call for the International Nuclear Fuel Cycle Evaluation (INFCE). This was the exhaustive study of proliferation called for by President Carter in 1977, which ended this spring.

This evaluation had indicated that the growth of nuclear power to meet energy needs could be carried out in a way "that does not unacceptably increase the risk from proliferation," said Dr. Pickering.

As he saw it, INFCE was a step towards "broadly accepted norms for the conduct of nuclear commerce and the development of the nuclear fuel cycle, and associated safeguard measures that take into account both energy security and non-proliferation concerns."

Establishing such nerms would require "energy, imagination, co-operation and a long-term perspective."

The U.S. Government believed it was important to move steadily towards removing uncertainty and friction from nuclear supply arrangements, and towards improved and broadly-accepted ground rules for the development of the nuclear fuel cycle.

Dr. Pickering claimed that it had never been his Government's policy to "ban" the use of plutonium, the reprocessing of spent nuclear fuel, or the use of fast breeder reactors. INFCE had "depressurised" the international nuclear atmosphere, and alleviated some of the devisiveness and distrust. Points still contested were "generally matters of judgment rather than fact."

After INFCE the U.S. had a deeper appreciation of the energy security problems of many countries, and it believed that other countries had a better understanding of American worries about proliferation, he said.

High hope for increased investment by Japan

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A JAPANESE industrial mission left the UK after a 10-day tour yesterday, optimistic about the prospects for increased investment in Britain.

The 17-man team from the Osaka Chamber of Commerce and Industry, which has 24,000 member companies, visited Japanese manufacturers established in the UK to assess the potential for further development.

The visit, which took two-and-a-half-years to arrange, is regarded as very important by the team's hosts: the Invest in Britain Bureau (IBB) and the Scottish Economic Planning Department. The UK has only 22 Japanese manufacturers: very few compared with investors from elsewhere abroad.

The Osaka Chamber, making its first visit to Europe, chose to spend most of its time in Britain before going to West Germany, Holland and Belgium.

Mr. Seiya Inaba, the mission leader, said that the primary purpose was to establish how well existing Japanese companies in the UK were doing and to look at the investment opportunities.

The chamber had started discussing with IBB what types of industry might be appropriate to Britain and what areas would be best suited to them.

While the mission was in Scotland, the Scottish Economic Planning Department announced that the Terasaki Electric Company, which manufactures switchgear and circuit breakers for industry, was to take over a factory in Glasgow, creating 50 new jobs.

Transatlantic flights boost Manchester passengers

BY RHYS DAVID

PASSENGER traffic through Manchester Airport is expected to top 4m this year after a 22 per cent jump in numbers handled in the first four months.

The airport, the UK's third biggest, handled slightly more than 3.5m passengers last year. This year, numbers have been boosted by the big surge in transatlantic travel and by several new routes.

About 40 airlines use the airport. Ten more will join them during 1980 and 1981.

Recently established services include three flights a week by Austrian Airlines to Vienna and two by LOT (Polish Airlines) to Warsaw. This year, El Al is to start a scheduled service to Tel Aviv, and next year Air Portugal will begin a regular service to Lisbon.

In the UK, services to the Isle of Man by Air UK, to Guernsey by Guernsey Airlines, to Newquay by Brymon and by Air Ecosse to Dundee have been established recently.

As for charters, which account for half Manchester's passengers, Air Florida has begun regular flights to Miami, and other new destinations have been opened up by Orion, another new operator.

Meanwhile, a £14m project has been in progress during the past two summers to strengthen the sole runway and remove a hump. The work, carried out at night, has closed the airport nightly from 11 pm to 7 am.

It is almost complete, and the runway is expected to be fully back in commission with a completely new lighting system by August Bank Holiday.

Long-term growth at Manchester is likely to depend on proposals for extending the 9,200 ft runway by 800 ft. The results of a public inquiry into the scheme are expected shortly.

The extra length is needed to enable Boeing 747s to take off fully laden. With a longer runway, the airport authorities hope to persuade airlines to open long-haul routes to Southern Africa, the Middle East and the North American West Coast.

Calor houses cut energy costs by 50%

BY MAURICE SAMUELSON

TWO SEMI-DETACHED houses incorporating new features in solar heating were opened here yesterday by Professor Sir Hermann Bondi, chief scientist at the Department of Energy.

The main feature of the houses is a highly compact storage system developed by the Calor Group, the liquid gas distributor. This system provides space and water heating at between 50 and 60 per cent below the cost in houses with conventional central heating. Its installation costs £3,750 more than a conventional central heating system in a similar house.

Sir Hermann said that the system which Calor had been developing for three years, promised to be very reliable. Unlike other solar systems which use water in their solar roof panels, this one uses crystaline salts and the storage unit is no larger than a domestic central heating boiler.

The Environment Department contributed £700,000 towards developing the system.

Lesney Products

The additional redundancies at Lesney Products reported yesterday have already taken place. They are not about to take place, as was stated, and the company's redundancy programme has been completed.

Monetary policy complicated by pound

● DAVID MARSH looks at the effect of sterling's volatility on economic policy-making.

THE SURGE in foreign demand for the petrocurrency pound, coupled with the freedom for UK investors created by last year's abolition of exchange controls, has greatly increased Britain's exposure to the buffetings of international capital movements.

This has not only increased the volatility of sterling, reflected in the sharp ups and downs (mostly ups) of the exchange rate during the past few months which have added to problems faced by British exporters.

It has also had important repercussions for economic policy-making. The ease with which both foreigners and UK residents are moving into and out of sterling is complicating the Government's efforts to control the money supply and to restrain the rebuilding of the pound's role as an international reserve currency.

In particular, the "international" aggregates of money supply, which are not included in sterling M3, the main definition monitored by the authorities, have been growing exceptionally fast recently.

This is one reason why the Government is still cautious about cutting interest rates, in spite of success in reducing the expansion of sterling M3 over the past six months to within the official 7 to 11 per cent target range.

The ending of exchange controls last October allowed British residents complete freedom, for the first time in 40 years, in their external transactions in both sterling and foreign currencies.

As a result, during the past 7½ months, large sums have been moved abroad. Private individuals and institutions have increased their investments on foreign banking and securities markets; banks have increased lending in sterling to foreign borrowers; and large repayments of foreign currency loans have been taken up to finance overseas investments.

These flows out of the country have, however, been swamped by the volume of funds streaming in the other direction. Attracted by high UK interest rates and the rising volume of Britain's North Sea oil revenues, foreign money from overseas investors, ranging from multinationals to foreign central banks, has been pouring into London, most of it into sterling bank accounts. These inflows gave Britain a surplus on capital transactions with the rest of the world of about £1bn during the first quarter this year, following a surplus of nearly £500m during the previous quarter.

Observers of the "international" money supply aggregates have been focusing attention on the growth of overseas sterling deposits. In the latest six-month period for which full figures are available, to April, overseas investors have increased their sterling deposits in UK banks, at an annualised rate of 59 per cent. This compares with the growth rate for sterling M3 over the past six months (to May, for which the Bank of England has provided as yet only incomplete data) of 9 per cent.

Sterling M3 is defined as notes and coin in circulation plus sterling deposits held by UK residents at British banks, excluding inter-bank liabilities.

Some City analysts argue that the definition of sterling M3 should be widened to include at least a portion of overseas sterling deposits, because these can be used by British banks as a base from which to increase their lending to UK residents.

This point of view is partly supported by officials at the Bank of England, who concede that without the rapid growth of overseas deposits banks would probably not have been able to maintain their recently high level of credits to corporate borrowers.

Both the Bank and the Treasury say, however, that the large growth of overseas sterling holdings, even though it does not show up in sterling M3, has been taken into consideration in the framing of interest-rate policies. When overseas deposits are growing fast, the authorities will want to see a correspondingly lower rate of sterling M3 growth before they can cut interest rates.

Other "international" money supply aggregates are also being scanned by the Bank and Treasury for signs that bank depositors may be permanently shifting to alternative forms of money holdings following the ending of exchange controls.

UK residents' foreign currency deposits in UK banks—which are included in the M3 money supply definition but not in sterling M3—have been growing at an annual rate of more than 40 per cent during the past six months.

This may simply be a once-and-for-all reaction to the ending of controls. Additionally, most of these holdings are probably earmarked for spending abroad. But such deposits are of definite relevance to the UK money supply now that UK residents can switch freely between sterling and foreign currencies.

Some owners of foreign currency accounts—both companies and private individuals—may, for instance, be using their deposits as savings instruments which can speedily be converted back into sterling. Such switching might occur particularly if the pound weakened on the foreign exchanges from its present high levels.

The ending of exchange controls has also increased the significance for the UK money supply of deposits held in overseas banking markets. As Mr. Kit McMahon, now deputy Governor of the Bank of England, observed in 1976, the controls served to "police the frontier between the Euromarkets . . . and our domestic monetary system." Now the policeman has been withdrawn, and funds can be withdrawn from and repatriated to the UK without restrictions.

As the chart shows, the sterling deposits of UK residents and non-residents held in overseas banks (the Eurosterling market) have more than trebled over the past three years, although admittedly the build-up started from a relatively small base.

Additionally, UK residents have been increasing their foreign currency deposits in overseas banks. This latter trend has almost certainly accelerated—partly for tax-avoidance reasons—since abolition of exchange controls.

Closely linked to renewed international interest in sterling by investors is the vexed question of the pound's role as a reserve currency.

Following the run-down of the official sterling balances in 1976, which contributed to the pound's dramatic fall on the exchange markets that year, the Government reached an agreement with overseas sterling holders in early 1977 aimed at stabilising central banks' sterling reserves at levels needed for "working balances."

Recently, however, there have been signs of an increase in these balances, which represent at least a possible source of volatility for the pound and a potential drain on reserves. The latest statistics show that official holders, led by the oil-exporting countries, increased their stering rserves by £460m in the first quarter.

Mr. Nigel Lawson, Financial Secretary to the Treasury, who is responsible for international monetary affairs, says that the Government has no intention of allowing sterling to resume its former status as a reserve currency.

According to International Monetary Fund figures, sterling's share of world foreign exchange reserve amounted to around 10 per cent at the start of the 1970s, having fallen from well over 50 per cent after the Second World War.

Excluding the holdings of international organisations like the World Bank but including official sterling deposits on the Euromarket, the pound now accounts for only about 2.5 per cent of world reserves compared with around 2 per cent in 1976.

Mr. Lawson notes that the build-up of sterling reserves from the low point in 1976 has been only modest.

Whatever happens, the Government can afford to be somewhat more relaxed about the overseas sterling holdings. This is both because of the increased size of Britain's own reserves compared with 1976, and because the Government's tight money policy, combined with the presence of North Sea oil, is likely to limit the danger of any sudden withdrawals.

UK NEWS

Agency sells its stake in Prosper

By Ray Perman, Scottish Correspondent

THE SCOTTISH Development Agency, which has suffered a run of losses on its industrial investments, yesterday announced a substantial profit on the sale of equity to a private holding group.

The agency has sold its 31 per cent share in Prosper Engineering, an Ayrshire company which makes bolts and components for the oil and gas industries, to Lithgow (Holdings) of Glasgow, which already owns 35 per cent of the company.

Prosper was one of the agency's first investments. It has expanded its turnover, profits and employment steadily since it was helped four years ago. Details of the sale agreement have not been disclosed, but the agency expects to more than double the £97,000 it put into the company.

Example

Mr. Hugh Jack, the agency's industry director, said: "Prosper is a perfect example of what the agency aims to achieve. Our investment helps the company to develop and expand, and the sale of our interest—in line with the original agreement with Lithgow—enables us to make an excellent return on capital."

The Lithgrow group was formed by Sir William Lithgow after the nationalisation of his family's shipbuilding interests. In the past three years it has doubled its workforce to about 1,000.

Since the agency started its operations in 1976 it has invested more than £34m in 50 companies, in shareholdings, loans and guarantees. Five have subsequently been returned to private ownership.

Last year the agency lost £1.5m on its industrial portfolio. It is likely to have to write off large sums on several companies which have either been sold or have closed this year.

Last week it said it had signed a option with the trading group Tozer Kemsley Millbourn to sell Stonefield Vehicles, its largest investment, which has absorbed £4m.

Pressure pipe company on short time

Financial Times Reporter

YORKSHIRE IMPERIAL PLASTICS has put more than half its 170 employees in Swindon, Wiltshire, on short-time working.

Orders have slumped after Government expenditure reductions and construction industry cuts.

The company makes plastic pressure pipes for water or sewage. Demand from water boards and local authorities has fallen, although exports, especially to the Middle East, are healthy.

The plant operates a continuous process, seven days a week, and is to be shut down for four days a month.

● Ninety workers are to lose their jobs at Turner-Spicer, of Wolverhampton, West Midlands, which makes gearboxes. The U.S.-owned company employs nearly 1,400 people at two factories.

The jobs will go in the transmission division.

Unit trust funds suffer £5.5m net outflow

BY TIM DICKSON

FUNDS MANAGED by unit trusts have declined by £5.5m since the start of the year, because of investors' disenchantment with the equity market.

Figues published by the Unit Trust Association yesterday show that in May units bought back from managers exceeded new sales by more than £0.5m. Unit trust business is now at an extremely low ebb.

The net outflow of £5.5m recorded so far in 1980 compares with net new investment of £30m in the first five months of 197 and £141m in 1978.

The figures are a disappointment for unit trust managers, who were hoping that changes introduced in the Budget would help break the recent pattern of poor sales.

Unit trust fortunes first went into decline last year when units cashed in reached an historically high level. In the current climate of high nominal interest rates and unexciting equity markets, however, the chief problem in 1980 has been to attract new investors.

Sales of unit trust in May at £27.8m were lower than the previous month's £31.3m while repurchases were only marginally higher at £28.45m (£27.08m).

Sales and repurchases in May a year ago were £39.35m and £34.56m respectively. The statistics for May, 1980, corporate figures from 436 authorised unit trusts and include one initial offer.

Mr. Cholmeley Messer, chairman of the Unit Trust Association, last night blamed the continuation of high interest rates for the "dull and disappointing" new business figures last month.

Referring to the recent rise in the UK stock market, he said equities were now beginning to anticipate some of the good news. "Investors now really ought to think very hard about buying unit trusts or they will be too late," he said.

The recent rise in share prices will certainly give new heart to unit trust managers, who are in many cases looking forward to the launch later this year of funds specialising in gilt-edged securities.

New regulations relating to the tax treatment of unfranked income were published in the Finance Bill. These changes mean that managers will soon be able to market tax-efficient fixed interest authorised unit trusts for the first time.

But Mr. Messer sees the main benefit accruing in the long term. "I don't expect we will sell a vast number of units in 1980 but I will be very disappointed if this is still the case by 1990." Mr. Messer, meanwhile, sees the first new tax-efficient gilt fund being launched in September.

Besides this new opportunity, the Chancellor also announced in the Budget that unit trusts (together with investment trusts) will be exempt from capital gains tax.

Another boost came at the end of last year when the Government announced that unit trust management charges would no longer be controlled. Although few trusts have yet acted to increase their charges, this concession will be a relief for some unit trust groups squeezed by the poor demand for new units.

Lex, Back Page

Curb diplomats' parking-call

TOUGHER ACTION should be taken against diplomats who abuse London's parking laws Greater London Council has told Mr. Douglas Hurd, Minister of State at the Foreign and Commonwealth Office.

Mr. Alan Greengross, Leader of the GLC Planning and Communications Policy Committee, said: "In future, diplomats' unpaid tickets may no longer be automatically cancelled."

Sassoon trims Bond Street operation

BY ALAN FRIEDMAN

AN HISTORIC chapter was closed yesterday for Vidal Sassoon, the world famous hairdressing group when one of the earliest of its prestige salons was sold to an Italian retailing chain.

The New Bond Street outlet in London's Mayfair was opened in the early 1950s by Mr. Sassoon. But after a sharp increase in overhead expenses the Sassoon group decided to throw in the towel and sell to Nazareno Gabrielli; a fashionable leather goods group.

The New Bond Street premises—frequented by film stars, dukes, duchesses and a host of jet-set luminaries—will become a trendy centre for Italian leather goods.

Although the selling price was not revealed, Mr. Louis Rodwell, the property director for Sassoon, said yesterday that a considerable premium had been paid. The final blow had come recently when the rent was increased from £14,500 a year to £55,000 a year.

The amount of rent may not seem important when one considers that Vidal Sassoon, who started work in London's East End, reached international fame in the 1960s.

Hairstyles

Fashion and cosmetics designer Mary Quant insisted that all her models should wear Sassoon hair styles. Mia Farrow insisted that Mr. Sassoon be flown out to Hollywood to style her hair for the film Rosemary's Baby.

But Mr. Rodwell noted sadly: "Just look at the economics of it all. It is no longer viable to be a hairdresser in Bond Street."

The Sassoon empire, worth about £30m in the U.S., is down to six outlets in Britain. But the group is expanding rapidly into a range of health and beauty products.

In Britain, Sassoon makes shampoos, conditioners and hair sprays. In the U.S. a line of skin care products appears to be doing well a few months after its launch. There is even a newly-franchised range of Vidal Sassoon jeans. These developments are expected in the UK soon.

Nazareno Gabrielli, the haute couture Italian retail chain with branches in Beverly Hills, Tokyo, Hong Kong and Dusseldorf, plans to open its first London shop on the premises of the Sassoon salon in the autumn.

It just won't be the same.

Post Office launches first electronic mail system

BY JASON CRISP

THE Post Office launched the world's first public international electronic mail system yesterday. It will send a single sheet of letter or drawings by satellite to Toronto in less than two minutes.

Mr. Ron Dearing, chairman-designate of Posts and National Girobank, inaugurated the facsimile service by sending a letter from the London Stock Exchange to the Canadian Postmaster General in Toronto.

The Post Office plans similar links with cities in other countries and within the UK. By the end of this year it plans to have links between London and the Netherlands and Belfast. Next year, it hopes to be able to transmit letters electronically to Hong Kong.

From today, companies in the City of London will be able to send a page of copy or drawings to Toronto within three hours of its being handed in at the Post Office at the Stock Exchange.

For companies elsewhere in the London postal area it will take longer. It may be collected by the Royal Mail's Expresspost, at extra cost, or handed in at two other main London Post Offices.

The new service, called Intelpost, costs £4 for the first sheet of up to A4 size and £2 for each subsequent sheet. It will be half price for the first three months.

The page is scanned by a facsimile machine in London that transfers the information to a computer capable of storing up to 1,000 pages. That transfers the information in digital form to Toronto via satellite—a surface distance of 3,500 miles.

A similar machine then reassembles the page as an exact copy of the original. Typescript, graphics and signatures can all be transmitted by the system.

The Post Office has not established a public facsimile link with the U.S. because the Federal Communications Commission would not permit it. Complex regulations governing the U.S. postal authority have led to a fierce and contentious battle about whether electronic mail would infringe the monopoly granted to the separate telecommunications authority.

Although the Post Office service is the first public facsimile between countries, the German Bundespost has public facsimile between cities.

Most large multinational companies have private facsimile equipment for communicating between offices and countries. Where machines are compatible they can transfer documents to other companies over the public telephone network.

Although Intelpost has the capacity to transmit 1,000 sheets of A4 a day to Toronto, the Post Office expects that it will be sending only a few hundred a week at first. It expects its main users to be businessmen, designers and lawyers.

Aged penalised by fuel costs

GOVERNMENT measures for protecting poor consumers against rising fuel prices "will prove too weak to prevent thousands of elderly people experiencing the misery and danger of cold conditions for yet another winter," warned Mr. David Hobman, director of Age Concern England, at the annual general meeting of the organisation in Leeds.

"Considering the fact that gas prices are going up by 32 per cent this year, and that electricity, solid fuel and oil prices are also spiralling, while inflation is running at over 20 per cent, the 16.5 per cent increase in the retirement pension, payable this November, looks extremely meagre," he said.

GLC backs Maplin as London airport

FINANCIAL TIMES REPORTER

GOVERNMENT proposals for a third London airport at Stansted were attacked yesterday by the Greater London Council which unveiled its own detailed plans for a two-centre airport based on Maplin and London's East End.

The GLC claims that the Government's choice of Stansted, in Essex, was made on "wrong information" concerning costs and operational times.

It says that its proposed two-centre airport at Maplin and East London linked by rail would be cheaper than Stansted at an estimated £845m compared with £995m. It claims Maplin could be operational in about six years after receiving the go-ahead. The Government has been told that it would take 17 years.

The GLC plan involves provision of basic terminal facilities at Maplin with a special £1m rail link, running largely on the existing rail network, carrying passengers to terminals in East London. Customs and immigration controls could be carried out on the trains. An air-freight complex would be developed in Docklands, which would also provide the site for a second passenger terminal and ancillary facilities.

By splitting the airport's functions, the GLC believes that a third airport could generate employment not only at Maplin but also in London and the North Thames corridor.

This would save the capital expenditure on building a town around Stansted where, says the GLC, "the airport would do nothing to fill empty housing or overcome a continuing employment shortage."

Mr. Alan Greengross, leader of the GLC's Planning and Communications Policy Committee, said the council "would have no difficulty in getting a consortium together to back the plan."

As an initial step Mr. Greengross said the GLC would consider submitting a planning application for the first stage of an airport at Maplin.

Earlier this year Mr. John Nott, Secretary of State for Trade, said: "There is not, in my view, the remotest possibility of any government ever resurrecting the Maplin project."

Unemployment 'likely to force change in strategy'

BY DAVID MARSH

THE THREAT of unemployment rising towards 3m in the early 1980s will probably force the Government to relax its plans to cut public spending during the next few years, according to Cambridge Econometrics, the forecasting group linked to Cambridge University.

In a report published yesterday, the group says the Government's medium-term financial strategy, if carried through to its logical conclusion, would cause unemployment to rise to about 2.3m next year and to a plateau of 3m by about 1984. This would be close to the jobless peak reached in the 1930s, and would probably last longer.

It says, however, that the Government is unlikely to allow this to happen. Ministers are likely to allow a slight rise in public expenditure from the restrictive levels laid down in the medium-term strategy in order to keep the unemployment total down to around 2.5m by 1984.

This policy moderation would still enable the money supply to grow by less than 11 per cent this year and by 10 per cent next year. It would allow both a fall in interest rates and a cut in income tax—to be paid for not through deeper reductions in public spending, but out of North Sea oil revenues.

Although it uses its profits to finance economic research at Cambridge University, Cambridge Econometrics is separate from the economic forecasting team at the university's Department of Applied Economics, which has also recently forecast a sharp rise in unemployment in the 1980s.

The group calculates that, according to the medium-term strategy, Government current expenditure would be likely to fall by an average 1.2 per cent a year in real terms between 1980 and 1983.

It envisages that this plan will be relaxed to allow current spending to grow by around 0.5 per cent a year during this period. The biggest change is expected to come in 1982, when it sees spending rising by 0.8 per cent instead of falling by 2.2 per cent.

● A further forecast that sterling is likely to remain reasonably strong against the dollar and other leading currencies in spite of Britain's above-average rate of inflation has been made by Predex, the New York-based group.

Accountants may ban 'window-dressing'

BY MICHAEL LAFFERTY

THE PRACTICE of "window-dressing" is likely to be outlawed by the Accounting Standards Committee in a new accounting standard to be issued shortly. The ASC is the rule-making body for UK company accounting matters.

The committee is responding to suggestions made by the Department of Industry and the Bank of England. Both expressed concern about the practice by which transactions may be specifically contrived at the balance-sheet date to give an unjustifiably favourable view of a company's or bank's financial position.

"Window-dressing" last came into prominence in 1975 when the Department of Trade inspectors' report on London and County Securities, the fringe bank, was published.

The inspectors, one of whom was Mr. David Hobson, senior partner of Coopers and Lybrand, the leading accounting firm, recommended that there should be closer surveillance and control in this area.

The committee's response was to bring "window-dressing" within the scope of the forthcoming accounting standard on "Post Balance-Sheet Events." This was recently approved by the committee and is likely to be published in August.

The standard, to be known as SSAP 17, sets down that there should be disclosure of "window-dressing" where there is "reversal or maturity after the year-end of a transaction entered into before the year-end, the substance of which was primarily to alter the appearance of the company's balance sheet."

A background technical note will be issued with SSAP 17. It explains that "window-dressing" is not a precise term. Some people believe it extends to fraudulent falsification of accounts, which is unlawful.

The standard is limited to the practice of "lawful arrangement of affairs over the year-end to make things look different from what they would otherwise have been at a year end."

Routine check 'should reveal Reliant Robin safety hazard'

BY JOHN GRIFFITHS

A POSSIBLE safety hazard on Reliant Robin three-wheeled cars is of a type that should be spotted during routine servicing and MoT tests, Mr. Norman Fowler, Transport Minister, said yesterday.

Department of Transport inspectors have just finished examining 969 Robins, following a BBC-TV That's Life programme which asked whether work to rectify a steering defect was being carried out in such a way that fuel or brake pipes might be damaged.

During the past three years some 50,000 Robins have been involved in three recalls to reinforce the steering box mounting. Robins produced since the start of this year have had an entirely new system fitted.

Of the Robins just inspected, 809 had had their steering mounting bracket modified in accordance with instructions given to dealers in the last recall. About 150 showed some pipe chafing, although not enough to be an immediate safety problem. Te nvehicles had badly chafed pipes, and seven had had either poor welding in the supporting bracket or further modifications fitted poorly.

The DoT is still examining the problem jointly with Reliant, but in the meantime is instructing testing stations to check Robins' pipes and steering mechanisms with extra care. It is also asking the Society of Motor Manufacturers and Traders and the Motor Agents' Association to alert their members to the problems.

Mr. Fowler said owners should have their vehicles checked immediately if they had any doubts about whether their cars had been modified properly.

● Mr. Fowler yesterday defended the Government's decision not to take over from manufacturers responsibility for investigating motor defects and deciding on remedial action.

He told a conference on safer cars that: "If I had thought that was the best way to protect the public, I would have gone down that road. But in this area . . . I do not believe that the Government should try to do what the private sector can do just as well or better."

While he welcomed recent letters from car owners pointing out potential defects on other cars and on which they felt inadequate remedial action had been taken, he also warned that a "worryingly high" number of owners did not respond to recalls. A quick response to any recall was essential, he said, no matter how trivial it appeared at first sight to be.

Nineteen recall campaigns, involving 56,339 vehicles, were undertaken between January 1 and March 31 this year, the DoT reported yesterday. Sixty-two campaigns have been initiated since a voluntary code of practice set up by the DoT and SMMT became effective in July last year.

Advisers show London Transport the way to improvement

BY LYNTON McLAIN

THE PERFORMANCE of London Transport could be improved in six major respects says a highly critical report on the LT Executive Board by PA International, the management consultants.

The report says the executive is "shell-shocked, with a limited sense of purpose, a lack of clarity about its business, and a cosy consensus approach where strategic issues are not discussed."

However, the management consultants say their recommendations could result in greater use of the services by the public; improvements in the level and quality of service; an improvement in financial performance; reduced dependence on financial support from the Greater London Council; restored public confidence in LT; and improved relations with the GLC.

The first step, says the report, should be preparation of an action plan, clearly showing dates at which benefits—financial and in service—can be expected.

The role of Mr. Ralph Bennett, chairman of the executive, is highlighted. The report says that the initiative and sense of purpose in remedying the weaknesses in LT's corporate operations "must stem from the chairman."

PA describes London Transport as "the largest, oldest, and most complex undertaking of its type in the world." It is also among the least subsidised. But the executive board "is weak in skills that are required to run a large business and indeed to manage itself as a board."

Mr. Bennett said yesterday that this did not reflect on individual members of the executive but was "a reflection of our corporate ability to pull it all together."

However, Mr. Leslie Chapman, the part-time board-member and author of "Your Disobedient Servant," disagreed. He said that the PA analysis of the weakness was a "plain unarguable statement of fact."

Mr. Chapman told the Financial Times earlier that the report was the most scathing on management he had ever seen. But he said it was perfectly justified, extremely accurate, penetrating and comprehensive.

In a detailed diagnosis the PA report says the executive board had a limited sense of purpose; lacked clarity in its business culture and agreement on its objectives; had not translated its objectives into a strategic plan; was too pre-occupied with day-to-day operations and weak in gaining acceptance for its policies by the GLC.

The executive board was also insufficiently outward-looking: did not communicate well its sense of purpose either outwards or downwards; was relatively ineffective in monitoring the performance of the bus and tube businesses; and did not ensure firmly enough that remedial action was taken where needed.

Above all, the report says that the executive board fails to act as a corporate board rather than as a group of individual members.

As a consequence, it responds to and defends its position against the GLC rather than taking the initiative. The board also administers, authorises and responds to the action of the two businesses rather than directing.

PA rejects the idea of a holding board overseeing the tube and bus businesses. It recommends that the chairman, who should combine the functions of chairman and chief executive, should have three key tasks—to re-establish relations with the GLC, to instil a sense of purpose into LT, and to ensure that the executive adopts a corporate approach.

PA says that the LT executive should employ a second part-time member to monitor the overall performance of London Transport.

Tribal art takes £2.29m total

SALEROOM

BY ANTONY THORNCROFT

CHRISTIE'S sold the fifth and finel section of James Hooper's collection of tribal art for £474,312 yesterday, making a total of £2,299,067.

The session was devoted to Oceanic art and went very well, with less than 1 per cent bought in. The top price was £190,000, plus the 11.5 per cent buyer's premium and VAT, by a private collector bidding on the telephone for an Austral Islands wooden drum, one of the few of its type known.

Other high prices were the £80,000 for a Marquesas Islands wood canoe ornament and £16,000 for an Austral Islands wood flywhisk handle. An afternoon sale of tribal art totalled £332,580, with 26 per cent bought in. The highest price was £65,000 for a Fang wood male figure.

The relative weakness in demand for paintings in London was well illustrated at Sotheby's Belgravia auction of Victorian pictures, which totalled £279,490, with 36.6 per cent bought in.

Good Victorian paintings still find buyers, but the medium-rank lots are hard to dispose of. Top price was £9,000 for The Wayside Inn by Heywood Hardy. Glasgow, by John Atkinson Grimshaw made £6,000, and Outside the Village School, by Henry Boddington, £5,500.

At Sotheby's, Bond Street, a pair of silver-mounted presentation flintlock holster pistols of 1790 far exceeded their estimate at £15,000. In the English enamels sale Winifred Williams paid £4,200 for an ormolu and enamel wall clock made about 1765 by Windmills of London for export to China.

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UK NEWS – LABOUR

Union to put forward BL plan

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TRANSPORT UNION leaders within BL Cars pulled back yesterday from an open confrontation with the company over plans to shed more than 25,000 jobs.

More than 60 shop stewards and union officials met in Coventry to consider a report commissioned by the union from Eurofinance, the Paris-based management consultants.

The report warns that for BL Cars the period 1980-83 will be critical. "Depending on their force, short-term shocks to BL Cars during 1980-83 could trigger the collapse of the business, although more probable would be further sharp reductions in the fixed cost base, that is plant closures, investment cuts and manpower reductions."

Mr. Grenville Hawley, national automotive secretary for the Transport and General Workers' Union, said there was never any mention of industrial action or strikes. The men voted to set up a committee "to put flesh on the bones" of the Eurofinance report and recommend a positive alternative strategy.

It is hoped the work can be completed within a few weeks when support will be sought from the company for a joint approach to the Government for more finance to boost investment.

The low-key stance of the TGWU might be interpreted as vindication for the hard line taken by Sir Michael Edwardes, the BL chairman, who threatened to dismiss workers unless they accepted the 5 per cent pay package.

However, the union remains pledged to support any workers who resist closures. While there is certainly no move for militant action at the moment, TGWU leaders feel they need a positive alternative strategy

The introduction of new works methods at Longbridge, Birmingham in preparation for the Mini Metro—due to be launched in October—is seen as one potential trouble spot.

Union leaders also fear that unrest over wage levels might be more difficult to contain in the next pay round and could lead to disruption.

Talbot chairman gives warning on job hopes

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

JOB PROSPECTS at Talbot UK will depend on a major review later this summer, Mr. George Turnbull, the chairman, said yesterday.

His warning is bound to influence talks on the annual pay round due to open in Coventry tomorrow.

Union leaders are expected to lodge a claim for a wage increase of well over 25 per cent. A similar demand last year resulted in a three-month strike at the two Coventry plants before workers returned with a 5½ per cent increase.

Mr. Turnbull told motoring writers in London that much depended on the company's sales performance in August, the month when new registration numbers are introduced.

He also raised the possibility of short-time working at the company's Stoke engine plant, Coventry, which supplies components for assembly in Iran. Output in Iran had dropped recently, and it might be necessary to trim sales, he said.

Talbot had expected to sell 100,000 kits this year, worth more than £100m.

Mr. Turnbull said Talbot had raised productivity in the UK but needed to match the levels achieved in France by the parent company, Peugeot-Citroen. "If we can do so the question of investment will be looked at more favourably by our French parent."

He still hoped the company would break even this year, and move into profit in 1981.

● Union leaders have instructed Vauxhall workers to black Japanese motor imports. The ban is aimed at Vauxhall's marketing of the 1-ton Isuzu pick-up truck.

Engineering and transport workers at the Luton and Dunstaple plants and the Toddington spares depot have been told "not to handle any parts made in Japan, and not to load or unload any vehicle of Japanese manufacture."

Since April about 600 of the Japanese pick-ups have been imported from Isuzu, which is partly owned by Vauxhall's parent company, General Motors.

Vauxhall claims it does not compete with any of its existing range, and the market is too small to make developing a new model worthwhile.

Union conveners are angry that Isuzu is insisting on making all the spares in Japan and also about the imbalance of the motor trade between the two nations. Mr. George Slesor, the engineering workers convenor, said: "The effect of Japanese imports is traumatic. We are not talking specifically about Vauxhall, but jobs throughout Britain."

Jobs Bill will bring strife, says Murray

BY NICK GARNETT, LABOUR STAFF

SENIOR MANAGERS were warned yesterday by Mr. Len Murray, the TUC general secretary, that even the most "forward-looking" manufacturing companies would have little control over the way industrial relations would deteriorate as a result of forthcoming changes in employment law.

The Employment Bill, due to become law next month, had already soured the industrial relations climate, was making unions more defensive than positive, and included specific changes which exposed employers to far greater disruption, he said.

Mr. Murray, speaking at a one-day conference in London called by Accelerated Management Development, on employment laws, said that few companies had availed themselves of the legal machinery open to them against trade unions in the early 1970s. He believed that manufacturers would take the same view this time.

Customers, suppliers and "eccentrics" would use the law, so manufacturers would not be exempt from the consequences.

The proposed changes in the law affecting secondary industrial action were based illogically on the unusual circumstances of the winter of 1978, and were full of traps for both the unwary and the wary employer.

The TUC had its own codes of practice on picketing, said Mr. Murray, but one union general secrtary involved in a recent dispute had told him that he was not prepared to abide by these because of the impending changes in the law. About 18 months ago this general secretary would have been much more responsive to the TUC guidelines.

Mr. Jim Lestor, Junior Employment Minister, speaking at the same conference, said that the Employment Bill had been modified to take account of industrial realities and would be workable.

The new laws would lay down "ground rules" enabling managements and unions to get on with their jobs while the individual was protected.

The Employment Bill did not represent a fundamental change in industrial relations law, but would bring stability.

Print unity talks likely

FINANCIAL TIMES REPORTER

LEADERS of the 55,000-strong National Society of Operative Printers, Graphical and Media Personnel are expected to get a mandate today to go ahead with merger talks with the biggest union in the printing industry, the Society of Graphical and Allied Trades, which has nearly 200,000 members.

The mandate is sought by the union executive at Natsopa's biennial governing council meeting at Southport.

Natsopa officials have already gone a long way in amalgamation talks with SOGAT. A progress report on the negotiations will be presented today.

There are still several areas of disagreement. The Natsopa executive has waited for its governing council to express a view before going further with the proposals.

Mr. Bert Ball, Natsopa president, came out strongly in favour of amalgamation when the governing council meeting started yesterday and said he doubted whether the union could continue much longer as a separate entity.

Recalling "the battle of The Times" in 1978-79 and "the challenge thrown down by the Daily Express" in the courts earlier this year, Mr. Ball said: "These attacks won't cease.

"All the indications are that many more will be launched, from the employers' front, from the Government and from new technology."

L and G hit by action

By Our Labour Staff

THE headquarters of the Legal and General insurance company at Hove was hit yesterday by industrial action which is expected to spread to the company's other offices today.

Members of the Association of Scientific, Technical and Managerial Staffs are restricting the use of the telephone for general insurance business, banning overtime and cover for absent staff, and operating a general policy of non-co-operation.

The company said yesterday that the union was telling members to use the telephone for life assurance business, death claims and permanent health insurance.

Legal and General has made an offer of 16.2 per cent, following a 5 per cent payment in January, in a deal to run nine months from July.

Strikes cost almost 1m days

BY OUR LABOUR STAFF

STRIKES caused the loss of 959,000 working days in Britain during April although the national steel strike ended on the second day of the month, Department of Employment statistics showed yesterday.

The figure compares with 878,000 days lost in April, 1979, and an average of 240,000 a month, excluding the effects of the steel strike, in the first three months this year.

Industrial stoppages during the month amounted to 161, including 44 carried over from March.

An estimated 292,700 workers were involved: 92,400 in stoppages that began during April and 200,300 in stoppages continued from the previous month.

The last figure also included 46,000 workers involved for the first time in stoppages that began in earlier months.

Of those involved in stoppages that began in April, 79,700 were directly involved and 12,700 indirectly.

The number of working days lost during the month included 585,000 lost through stoppages continued from March.

Prominent among the industrial disputes was the programme of selective action by the National Graphical Association in its pay dispute with provincial newspaper and general print industry employers.

Motherhood 'costs jobs'

By Our Labour Staff

THE VIEW that most women who work during pregnancy qualify for maternity pay and reinstatement in their jobs was found to be incorrect in a survey published yesterday in the Department of Employmen Gazette.

The survey of 2,414 women at work during 1979 including 1,100 who had been in employment during pregnancy was funded by the Department of Employment as the first part of a study into the operation and effects of the maternity rights provisions of the 1978 Employment Protection Act.

The findings by researchers in the Policy Studies Institute showed that only half the women surveyed who were working during pregnancy qualified for these rights. Of women working during their pregnancy, 26 per cent gave notice that they would return but only 10 per cent actually went back to their former employer.

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And, reassuringly, towing a big caravan or a boat is no strain on the car. Or on you. This is because self-levelling suspension enables you to tow up to 1¼ tons with safety and peace of mind.

Firstly, because the car is kept level, so is the tow bar, virtually eliminating the chance of its dipping and hitting the road on sharp hills. Secondly because the risk of the car being buffeted by turbulence from overtaking traffic is reduced.

And, if your wife has any inhibitions about handling a large spartan estate car, please include her in on the test drive.

She will be highly appreciative of luxuries like sumptuous carpets and electric windows – not to mention the ease with which she can manoeuvre the big Safari, with a load space of 75 cu. ft.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SURVEYING

Aids study of sea bed

INFORMATION in the form of sonar signals from both side-scan and sub bottom profiling equipment can be presented on a conventional TV monitor as a rolling map display of the sea bed under a development by Ulvertech of Barrow.

New details are presented at the top of the monitor screen as old information is removed from the bottom thus creating the rolling movement and the unit is self-contained with one console housing the display monitor and its associated electronics.

Operating on 115 to 240 volts AC, the display gives eight grey scales as standard with 16 optional and is video compatible so that recordings can be made on standard video recorders.

The analogue signal input from the sonar is variable to accommodate various signal levels, while the range of the display is variable from one second to ten milliseconds.

A freeze switch allows a viewer to fix a particular display without updating.

Major advantages from the use of the equipment, Ulvertech says, are the ease with which survey teams can run "before and after" tests to provide a quick assessment of how sea bottom profiles have changed.

Ulvertech has already supplied a first system of this type to the Bath University School of Physics and is operating from 112 Duke Street, Barrow in Furness, Cumbria. 0229 28004.

● ELECTRONICS

Micro-compatible clock

THE SELF-contained design unit set up by National Semiconductor at Greenock, which has the specific task of building UK expertise and developing products for the European market, has announced the first of a series of MOS (metal oxide silicon) devices, a microprocessor-compatible clock circuit.

Using one of the company's CMOS technologies, the product can run for long periods from a small battery in the absence of a mains supply. Housed in a *16-pin dual in-line package, the* device, known as the MM58174, incorporates an oscillator running from a 32.768 kHz crystal, a programmable interrupt facility and a clock with a resolution of a few tenths of second. Leap years are accounted for by the use of an additional register.

Applications will be in point of sale and bank terminals, event recorders, controllers and similar equipment where "real" time is required.

More from 301 Harbur Centre, Horne Lane, Bedford (0234 *47147*).

Tough logic controller

NOT MUCH bigger than a shoebox, a programmable logic controller rather curiously called "The Gnome" made by Abbey Electronics of Macclesfield has been designed with a high level of reliability and is backed up with an unusual guarantee of five years against parts and labour.

It consists basically of a number of vertically mounted printed boards for input, output, timing and logic control purposes, plus built-in power supply.

The logic unit is mounted on one printed card and contains ultra-violet erasible memory able to store 1, 2 or 4k of instructions. Each instruction corresponds roughly to a contact in a relay ladder diagram or to one of the several powerful machine instructions. Scan time is five microseconds per instruction. Each of these units will address up to 256 inputs/outputs in any combinations and 256 scratch pad memory locations.

More from Charter Way, Macclesfield, Cheshire (0625 29521).

This is a one-man undersea vehicle called the Spider (self-propelled inspection diver system) which is operated by Wharton Williams of Aberdeen. It recently completed its first commercial contract in the Argyll Field in the North Sea and is seen here being hoisted from a test tank. With a maximum operating depth of 610 metres, 'Spider' has hydraulically operated claws on fully articulated arms which the operator inside the vehicle uses to carry out the usual diver's tasks. Within the pressure hull, the operator breathes normal air, thus eliminating the often hazardous and costly decompression procedures associated with deep mixed gas diving. The handling system enables the unit to be deployed without the need for a specialised surface support vessel. In the case of the Argyll Field operation, the vehicle was *mobilised aboard the* conventional field supply vessel 'Stirling Ash'. The *total* system weight is under 25 tons.

● PROCESSING

Reduces scale in the tubes

EFFICIENCY OF the main manufacturing operation in the process industries very often depends on subsidiary processes working effectively. This has been found by the chemicals division of British Industrial Plastics, which has just installed an electrolytic device at its Oldbury works to prevent formation of hard water scale in a solvent recovery condenser. The company is now able to count on higher output potential for its main synthetic resin manufacturing plant.

Simultaneously, maintenance costs have been cut and outlay on chemicals for water treatment has been reduced. Results of this experimental installation have been carefully monitored and evalued by both the plant engineer and the works chemist.

Methanol solvent is an essential element in BIP's resin process, and unless it can be recovered and stored at adequate *rates there is a restrictive effect* on the main manufacturing process. However, the recovery plant cannot work efficiently when the heat exchange surfaces inside the condenser are fouled by hard water scale deposited by the cooling systems.

BIP's engineers have solved their problems by an apparently simple device which consists of a short length of pipe with a special alloy insert installed in the water feed line to the condenser.

This is called the Colloid-A-Tron and is leased to the company on the basis of an annual rental by Anglia Fluid Treatment, PO Box 34, Shipston-on-Stour, Warwicks.

It causes pressure changes, turbulence and electrolytic action which together precipitate the dissolved scaling salts as fine colloidal particles; these do not sink but stay suspended in the water in an inert form *so that they pass freely through* the condenser and do not deposit as scale.

Following the Oldbury installation, BIP's plant engineer reports visual and operational improvements in plant performance. Instead of hard scale *deposits* which hampered condenser efficiency and had to be jetted away, only a soft sludge now forms; this is relatively harmless needing to be washed away only once a year.

Fall off in solvent recovery rate (which preceded jetting) no longer occurs, the recovery plant is working well.

● COMMUNICATIONS

More use of radio links

BETTER utilisation of existing radio links is promised with a new type of modulator/demodulator which will allow low-speed teleprinter or data signals to be transmitted over HF radio links.

The equipment, known as a 6/12 tone Piccolo modem, is being developed under a £¾m contract by Racal Communications for the Ministry of Defence for the use, intially, of the Foreign and Commonwealth Office, the army and other military units.

First-stage models have been delivered for evaluation and the equipment is expected to be in production by the end of the present financial year.

Coded LA1117, the unit is a shift-tone modulator which will give a low rate of errors even where signal to noise ratios are poor. Operation is in either simplex or duplex mode at speeds of 50 or 75 bands.

The equipment will take a sequence of ten characters per second from a teleprinter or other source and turn it into a series of six tones spaced from 460 to 560 Hz at 20 Hz intervals, or it will produce 12 identically spaced tones from 400 to 620 Hz. At the receiving end, the tones are translated by a similar modem into the ten character per second data stream. This goes to the receiving teleprinter or other equipment.

Automatic synchronisation and built-in fault-finding are provided and transmitter powers can be kept low.

Racal Communications, Western Road, Bracknell, Berks RG12 1RG.

● AIR CONDITIONING

Power demand reduced

FOLLOWING THE installation six months ago of an automatic solid state chiller control system, called Chillitrol, energy savings equating to 35.7 per cent have resulted at the new headquarters of Howden Management and Data Services in Billiter Street, London, EC3.

Over 2,000 installations of this system have been carried out in the past three years in the U.S., and Chillitrol will now be marketed throughout the UK (subsequently, the Continent) by Service First International, 48 Southwark Street, London, SE1 (01-403 1688).

These savings in electricity consumption are confirmed by consulting engineers, James H. Pull Associates who monitored the installation on a daily basis, and it is anticipated that Howden will achieve a pay-back period of capital cost in substantially less than two years, even allowing for inflation at 15 per cent and the estimated rise in electrical charges.

Air conditioning systems serving the City building are supplied with chilled water produced by a conventional central water chilling plant consisting of two centrifugal type machines.

Chilled water is distributed by a primary chilled water pump set to serve the cooling coils in the air handling plants of the various air conditioning systems.

A secondary chilled water pump set distributes chilled water at a higher temperature from the common return of the primary system to serve the induction units of the perimeter air conditioning systems and also a number of fan coil units.

Following its monitoring of the pilot installation in the City, the consulting engineers report that although the test period over which the recorded data was obtained here was of relatively short duration, the estimated input power saving obtained corresponds very closely with the savings calculated from a theoretical analysis of the system.

It is hoped that further tests can be carried out at other times of the year to enable the *projected savings obtained* by calculation to be verified for other chilling plant load conditions.

Supplier says that Chillitrol is suitable for virtually every application where centrifugal screw and absorption chillers are used

DEBORAH PICKERING

● COMPUTING

Getting it together

SINGLE USERS can have full computer support for less than £7,000 with equipment based on DEC's LSI-11-2 microprocessor running on 1 or 2 Megabytes of storage, 64K of random access memory, with visual display and medium-speed printer.

Introduced by Data Type Computer Applications, under exclusive UK agency agreement with Charles River Data Systems, the DT-11/2F system combines the DEC micro with dual Shugart SA800 flexible disc drives in a single 10½ inch rack-mountable enclosure.

GRDS has a controller that provides dual-density operation and compatibility with DEC's floppy disc system.

Support of several terminals for a number of users is provided by the use of the LSI-11/23 processor. DT-11/23F and /23D are offered with dual floppy disc and Winchester disc storage respectively, and 128K bytes of RAM. Using the time-sharing executive, up to eight users can run simultaneous work on the equipment.

The 14-inch Winchester technology disc, housed separately from the processor but in a similarly sized cabinet, provides 21 Megabytes of formatted storage in an emulation of four DEC RL01 disc units, with which it is fully software-compatible.

A six-user system with tape cartridge, terminals and a 600 cps printer works out at about £20,000.

Data Type Computer Applications, Unit 213, Springvale Industrial Estate, Greenforge Way, Cwmbran, Gwent, Wales NP44 5BE (063-336 5307)

هكذا من الأجل

APPOINTMENTS

ICI executive joins Ellis & Everard

Mr. B. G. Dale, deputy chief accountant of the mond division of Imperial Chemical Industries, has been elected as a second director representing ICI on the Board of ELLIS AND EVERARD. Mr. Dale was previously on the Board of Ellis and Everard (Chemicals).

★

Mr. John Lindesay-Bethune has been appointed chairman of the CITY OF WESTMINSTER CHAMBER OF COMMERCE. He is the managing director of the *J. Walter-Thompson Group. He* succeeds Mr. E. L. Marsh who retires from the chair after two years in the office.

Mr. John Lindesay-Bethune

★

Mr. Bengt Koch has been appointed managing director of ATLANTIC CONTAINER LINE, the North Atlantic container shipping line. He succeeds Mr. Buster Hultman, managing director of ACL for the past four years, who is returning to Sweden as acting head of the liner division, Brostrom Group. Mr. Wieger Koornstra has become director, operations, and Mr. Christopher Olsson has been made director, commercial.

★

Mr. R. Clempson and Mr. D. C. Seaman of Crouch Group and Mr. R. A. Smith and Mr. E. A. Talbot of C. H. Industrials have been appointed directors of CODEC (GRC) which has been formed by both companies to manufacture and sell glass reinforced cement products. Mr. J. Brailey has been appointed a consultant to the new company.

★

Mr. R. F. D. Shuffrey is to *become deputy* under secretary of state and principal establishment officer at the HOME OFFICE on July 7. He will succeed Mr. Neil Cairncross who is retiring.

★

COX AND KINGS FINANCIAL SERVICES, a subsidiary of Cox and Kings, recently taken over by Mr. Anthony Good and Mr. John Barber, has appointed Mr. Michael D. Oaksey as managing director.

★

TRENN PRODUCTION SAWING has made Mr. D. J. Smith sales director and Mr. T. G. Lloyd financial director.

★

MARKETING IMPROVEMENTS has appointed Mr. Patrick Forsyth, client services director, and Mr. David M. Laing, divisional director, to be executive directors of the main Board from July 1.

★

Mr. Peter Murray, of P. and N. E. Murray (Swindon), has been elected chairman of the DOMESTIC HEATING COUNCIL. He succeeds Mr. Al Mutch of A. H. Mutch.

★

Mr. Kenneth Cromey has been made a director of FRANK PARKER AND CO., a subsidiary of the Sheffield based Thos. W. Ward Group. He succeeds Mr. John S. Pullum now managing director of C. Evans and Sons, also subsidiary of the Thos. W. Ward Group, who continues to be a director of Frank Parker and Co.

★

Mr. Ronald G. Hughes and Mr. W. Ralph Child have been appointed to the Board of MATTHEW CLARK AND SONS.

★

Mr. Michael J. Webster has been appointed a director of ELECO HOLDINGS.

★

Mr. Leonard Shackleford has been appointed NATIONAL WESTMINSTER BANKS' chief advances manager, international banking division, based in the City. *Since 1979 he has been a* senior manager, responsible for the energy, shipping, aerospace and industrial sectors, in the corporate financial services department of the same division.

★

AIR MARSHAL SIR KEITH WILLIAMSON has been appointed Air Officer Commanding-in-Chief RAF Strike Command and Commander-in-Chief UK Air Forces. He takes up his posts in September with the acting rank of Air Chief Marshal, and succeeds Air Chief Marshal Sir David Evans. Taking over from Sir Keith in his present job as Air Officer Commanding-in-Chief RAF Support Command next month is Air Marshal Sir John Gingell, until recently Air Member for Personnel.

★

Mr. D. W. Haspineall has been appointed a director of BRADSTOCK, BLUNT AND CRAWLEY.

★

Mr. Hugh Amis has been appointed a corporate finance director, MIDLAND BANK, from July 1.

★

Mr. V. Vohralik, managing director of EVODE LIMITED, and Mr. A. A. R. Cobbold, managing director of Evode Roofing and Evode Joint Sealing, have been appointed to the Board of EVODE HOLDINGS LIMITED the parent company of the Evode Group.

★

ORION BANK has made the following appointments: Mr. R. A. Chamberlain, Mr. J. P. Cook and *Mr. Anthony Raikes*, have become executive directors. Mr. Frederick Fisher III is made an associate director.

★

Mr. John A. Fooks, director of GARNAR SCOTBLAIR, has been appointed deputy chairman.

★

Mr. Eric Green has been appointed director and general manager of GEORGE E. TAYLOR. Mr. Ronald G. E. Lewis has been made director and com*mercial manager.*

★

Dr. Ralph Kay has joined the Board of CAMREX (HOLDINGS) as technical director.

★

Mr. David Whitford has been appointed marketing director of RACAL RECORDERS.

★

A member of the Barker Group, CHARLES BARKER RECRUITMENT, states that Mr. Robin Ward will be joining them *on June 16, to take up the new* appointment of finance and administrative director.

★

Mr. James A. Redman, director of finance to the Central Electricity Generating Board, is to succeed Mr. Burton Johnson when he retires as financial adviser to the ELECTRICITY COUNCIL. Mr. Redman will take up his duties in a designate capacity on October 1.

★

Mr. M. C. Jelbert has been appointed sales and marketing director of MESSENGERS (BIRMINGHAM), a member of Pentos Engineering Group.

★

Mr. Peter Ducat has been appointed managing director of *SIMPLEX of Cambridge and will* take up his appointment on Monday, August 4.

★

MORGAN GRENFELL states that Mr. R. M. J. Taylor will be taking up an overseas appointment with the group at the end of the year. He has accordingly resigned as company secretary of Morgan Grenfell Holdings and Morgan Grenfell and Co. and Mr. M. C. Evans has been appointed to succeed him as *secretary of both companies.*

Mr. Nicholas A. Pearce has been appointed a director of MORGAN GRENFELL PROPERTY SERVICES.

★

Lady Howe has been elected *president of the FEDERATION* OF PERSONNEL SERVICES, the trade association for Britain's private employment services.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Amro Bank	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½ %
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	19 %
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ *Samuel Montagu*	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½ %	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	*Schlesinger Limited*	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½ %
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½ %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

\UEW 'ects ɔour ɔrms

Bassett, Labour Staff

OF the Amalga- ɔn of Engineering esterday said they accept the compro- the Labour Party's ɩional reforms reached weekend by the party's mission of Inquiry.

The executive of the AUEW, which wields a block vote at the party conference of almost 900,000, decided unanimously to support the present methods of drawing up the party manifesto and electing the party leader and to oppose the re-selection of MPs.

The decision casts further doubt over the effectiveness of the commission's compromise as a means of settling the party's internal conflicts. The AUEW's vote at last year's conference in favour of mandatory re-selection was a decisive factor in the decision reached then.

Mr. Terry Duffy, AUEW president, and a member of the commission, said after the executive had taken its decision: "It it just impossible for us to stand by the recommendation of the commission."

At last week-end's talks on the reforms, Mr. Duffy voted for an electoral college to elect the party leader, but only after a motion proposed by himself and Mr. Michael Foot, deputy party leader, to maintain the present system was heavily defeated.

Mr. Duffy said yesterday that in spite of his vote for an electoral college, he had told the commisssion that the AUEW's block vote would be cast for the present systems.

He said, too, that the union was considering the party's appeal for greater trade union contributions to its funds. The unions had no bottomless pit of money, and the party would have to make itself more efficient to justify it.

Missiles 'a sombre necessity'

BY PHILIP RAWSTORNE

THE FIRST of the 160 Cruise nuclear missiles to be deployed in Britain will be stationed at Greenham Common in Berkshire by the end of the 1983, Mr. Francis Pym, Defence Secretary, tol dthe Commons yesterday.

Six flights, comprising 96 missiles, will be housed in purpose-built shelters at the U.S. Air Force standby base there.

The rest of the missiles will be deployed at RAF Molesworth, a disused airfield near Huntingdon.

The Government's decision—part of a £16m contribution to the modernisation of NATO's defences—roused protests from some Labour MPs, but was more widely accepted as "a sombre and sad necessity."

Mr. William Rodgers, Labour's Defence spokesman, said that the move was bound to cause anxieties.

He demanded — and was given — assurances that the Government would make every effort in the three years' "breathing space" to resume arms control negotiations with the Soviet Union.

Mr. Pym said that the Government remained fully committed to genuine arms negotiations.

"Most certainly if there was a change of heart on the other side of the Iron Curtain, then we would talk," he said.

But he warned that the Warsaw Pact had four times as many land-based long range missiles as the NATO countries.

New Soviet SS20 missiles, which carried three warheads, were now coming into service at the rate of one a week.

"Arms control negotiations could be prejudiced by too great a gap between one side and the other," he said. Such a gap weakened NATO's negotiating position.

Mr. Pym also assured Mr. Rodgers and other MPs that no missiles would be fired except by a joint decision of the U.S. and British Governments.

Mr. Pym said that it would be necessary from time to time to practise the deployment of the launcher and its support vehicles to dispersed sites away from the two bases.

Adequate road communications, access to training areas and dispersal areas had been prime factors in the choice of Greenham Common and Molesworth.

"No live missiles or warheads will be carried on exercises at any time and no missile test-flying will take place in this country," he said.

The missiles would be stored in purpose-built shelters under stringent safety standards, Mr. Pym told MPs. He was confident that there would be no risk of radio-active leakages or other accidents.

The U.S. would be responsible for the security of the bases, but 220 British personnel would assist in the guard forces.

Tory MPs, Mr. Michael McNair-Wilson (Newbury) and Mr. John Major (Huntingdon) representing the constituencies where the missiles are to be deployed, supported the Government move.

But Labour Left-winger, Mr. Frank Allaun, (Salford East) remarked that it did not matter where the missiles were based.

"In a time of tension they would be widely dispersed and the enemy would destroy the whole of Britain as a launching pad for these American missiles, if we were suicidal enough to oppose them," he declared.

"That is abject surrender," Mr. Pym retorted. Dismissing more Labour pleas for unilateral disarmament, he added: "I believe the very great majority of people in this country are very supportive of the defence efforts being made."

The NATO alliance had offered to withdraw 1,000 nuclear warheads when it decided on its modernisation programme, he said.

"That process has begun."

But he reiterated that NATO had to maintain exceptional vigilance in a period of world instability.

The decision to modernise its nuclear missiles had been taken for the continuing security of the whole alliance, and Britain was determined to play its full part.

NCB targets can be met—Howell

BY IVOR OWEN

FINANCIAL TARGETS set by the Government to ensure that the National Coal Board breaks even by 1983-84 may not be easy to meet but can be attained, Mr. David Howell, the Energy Secretary, told the Commons last night.

He was moving the second reading of the Coal Industry Bill, which provides for the tapering-off of the operating grants now received by the NCB.

Mr. Howell argued that Labour criticism of the Bill was based on too pessimistic a view of the coal industry's future.

"We believe that the industry now has the opportunity to secure for itself a prosperous and good future based on new market opportunities and efficient competitive production," he declared.

But the Minister failed to reassure the Opposition benches, and Dr. David Owen, Shadow Energy Minister, warned that the Government's policy might result in the NCB facing the same problems encountered by the British Steel Corporation.

Mr. Howell contended that Britain's coal industry was in a stronger position than any of its competitors in Europe, and claimed that the Government was giving it full scope to take advantage of the new opportunities which would open up for it in the future.

Nothing could be further from the truth than to say that the coal industry in Britain was in an irreversible and early decline, he said.

The Bill would help to "create a new industry out of the old and would continue support for capital spending by the NCB.

Mr. Howell described the 1983-84 break-even date as a "firm financial objective."

In the interval, the Government would continue to support the NCB through the payment of operating grants.

Over the four-year period to 1982-1983 the Bill permitted the payment of operating garnts up to a total of £525m and made provision for an increase to £590m if this proved to be necessary.

But Mr. Mowell emphasised that it was essential that as the board moved towards profitability that the operating grants should taper off year by year.

In 1980-1981, operating grants would total £135m, declining to £109m in 1981-1982 and to £28m in 1982-1983. All these figures were calculated on the basis of 1978-1979 prices,

Dr. Owen protested that the financial targets laid down by the Government were negotiated with the NCB in August last year.

No account was taken by the Bill of the events which had occurred since and which made it extremely doubtful that the NCB would be able to live within the targets set.

Laker convinces Nott over air route

By Ivor Owen

LOWER FARES hold the key to generating sufficient traffic for four airlines to operate on an economic basis on the London to Hong Kong route, Mr. John Nott, the Trade Secretary, maintained in the Commons yesterday.

He denied that he had made a "political decision" in overruling the Civil Aviation Authority by permitting Laker Airways and the Hong Kong-based Cathay Pacific to compete for traffic on the route along with British Airways and British Caledonian.

Mr. Nott argued that he had acted in a "quasi-judicial" capacity in reaching a different view to the CAA and allowing the appeals made against its decision by Laker and Cathay Pacific.

He declared: "In particular, I was convinced by Sir Freddy Laker's contention that there is a large untapped market for this route if fares are pitched at the right level."

Mr. John Smith, Labour's Shadow Trade Secretary, described the Minister's decision as "extraordinary and surprising" and recalled that the CAA had made it clear that it believed that too many carriers on the London/Hong Kong route would have a damaging effect and result in the public not getting a proper service.

He stressed that in reaching a contrary decision Mr. Nott had acted on the same evidence as that considered by the CAA, and asserted that this must

John Nott: no political decision

have the effect of undermining confidence in the authority's future decisions.

Mr. Nott insisted that he had acted in accordance with his statutory responsibilities, and had not taken a political or arbitrary decision.

"I quite accept that this decision is not going to please all the airlin operators, but I believe it is going to please all the airline passengers," he said.

Tory backbenchers as well as Labour MPs expressed concern about the effect of the decision on British Caledonian.

Mr. Anthony Grant (C, Harrow Central) asked if the Minister was satisfied that with four operators on the route there would not be "cutthroat" competition leading to bad practices and financial failure.

Mr. Nott, who emphasised that he hoped British Caledonian would not withdraw from the route, pointed out that he was not making any judgment about the timing and frequency of services.

This was something for the operators themselves to decide.

"I believe that all four carriers should be able to operate profitably on this route, but in the end it will be the market which will decide."

PM renews pledge to keep down public wage claims

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A RENEWED warning was given in the Commons yesterday by the Prime Minister that wage claims in the public sector must come down in the next round of bargaining.

Prime Minister's question time was again enlivened by a clash between Mrs. Thatcher and Mr. James Callaghan, the Opposition leader, over the economic situation.

Mr. Callaghan claimed that the Government was cutting the job opportunities programme for young people in spite of forecasts of even higher youth unemployment.

But the Prime Minister, cheered on by her backbenchers, denied the charge and said that Mr. Callaghan was simply advocating a recipe for printing money.

The question of public sector pay was raised by Mr. John Stokes (C., Halesowen and Stourbridge), who said that in considering increases for the heads of nationalised industries, the Government would need to pay market prices and should not be afraid of giving differentials.

"Don't pay attention to the egalitarians who want everyone paid the same amount," he urged.

The Prime Minister told him that she had received the report of the Top Salaries Review Body on the chairmen of nationalised industries and other top jobs. But it had not yet been referred to the Cabinet.

"We cannot go on having the big public sector wage awards that we have had in the past, especially at a time when production is flat," she emphasised.

"The only way to pay for increased wages is through increased output."

Mr. Colin Shepherd (C., Hereford), argued that those employed in the Civil Service and public sector generally, should not be entitled to automatic compensation for every point increase in inflation.

Wages and salaries must bear some relation to what the country could afford.

He suggested that Civil Servants who did not like this situation should join the private sector, which was trying to create the wealth to support them.

Mrs. Thatcher agreed that the standard of living of those in the public sector was dependent on the output of the marketing sector.

"There is no way of getting away from that," she insisted. "At a time when there is very little increased output available, then the public sector, too, will have to consider future pay claims very carefully if we are to get pay claims down in this country."

Mr. Callaghan said that the Manpower Services Commission had predicted the number of unemployed school leavers would double within 18 months. Yet training facilities did not cater adequately for at least half of those leaving school.

Support

As the Prime Minister had said that she did not intend printing money to alleviate the position, he wanted to know what she did intend doing about it.

There were shouts of support from the Labour benches as Mr. Callaghan told jeering Conservatives: "The country would sooner have me for Prime Minister than the Right Honourable Lady."

Retorted Mrs. Thatcher: "Modesty was never one of your more obvious characteristics."

She maintained that the Employment Secretary had an adequate youth opportunities programme, and in Scotland an additional 6,500 places were being provided.

She reminded Mr. Callaghan that he had once said that people used to think you could just spend your way out of a recession, but that option was no longer open.

"That is true today as well," she commented. "What you are asking us to do is to print more money, and that would only produce higher inflation followed by higher unemployment. That has been the history of the last 20 years."

Carrington 'failure' in anti-Games bid

BY DAVID TONGE

A MAJOR effort by Lord Carrington, the Foreign Secretary, to discourage British sportsmen from taking part in next month's Moscow Olympics appeared last night to have failed.

During the afternoon he had met two groups of the heads of British sports federations to set the Government's campaign to boycott the Olympics "on the bigger scene."

But last night he told ITN: "I think I've shot by bolt. I hope it will have some effect." And he told another interviewer: "I am not convinced I am going to be successful but I am convinced I am right."

While Lord Carrington hoped that he would cause some of the federations to reflect on their positions, Sir Denis Follows, chairman of the British Olympics Association, said on leaving the Foreign Office: "I doubt whether the governing bodies will change their decisions."

He said that he had told Lord Carrington that sportsment resented being subjected to pressure.

He added: "As far as I am concerned we did not hear anything new."

However, he did say that, if the federations had been consulted far earlier, they might have taken a different view.

The sportsmen described the meetings as cordial and friendly. They came shortly after the Foreign Office had underlined to would-be visitors to Moscow the problems they could face by calling in Mr. Nikolai Lunkov, the Soviet Ambassador, to protest at the harassment of about 10 British citizens between November 14 last year and May 2 this year.

The mood of most of the heads of the dozen sporting federations who had listened to him was determined.

"Everyone said how much they resented competitors being harassed by the press and others," commented Mrs. Eileen Gray, president of the British Cycling Federation.

Mr. Norman Sarsfield, head of the swimming federation, commented: "We realised we were front-line troops in the Government exercise but now we realise we are only part of Government pressure."

But the more general comment was that Lord Carrington had failed to convince his visitors that other serious measures had been taken by the Government against the Soviet Union.

"Athletes' attitudes have hardened in favour of going to Moscow," one official said.

Mr. Denis Giuseppi, head of the National Smallbore Rifle Association, said that his federation would be meeting later this week to consider whether to stand by its original decision to boycott the Olympics.

MPs seek to save Consett

By Alan Pike

A GROUP of Labour MPs is seeking a meeting with Mr. Ian MacGregor, who becomes chairman of the British Steel Corporation next month, to urge him to reconsider the proposed closure of the Consett works, County Durham.

Almost 50 members yesterday signed a Commons motion describing the proposed closure of Consett as a "betrayal."

BSC announced last week that the plant is to close by the end of September, with the loss of 3,700 jobs in what is already an area of high unemployment.

Mr. David Watkins, Labour MP for Consett, said that the closure would be catastrophic for the area.

"This decision cannot be accepted without a fight." BSC had so far produced "only the most specious of arguments" for closure and nothing definite should be decided until the new chairman took over.

The board of Lonrho, which owns the private steel company Hadfield's, is expected to consider on Friday whether to offer BSC a partnership arrangement which it has been suggested might recreate 2,000 jobs at the corporation's Shotton plant in North Wales. About 7,000 jobs are to go with the ending of steelmaking there.

Further call to review secrets disclosure rules

BY LYNTON McLAIN

THE WORKINGS of the D-Notice system—the voluntary rules covering media disclosure of defence secrets—should be reviewed, but there should be no major moves towards publishing more information about the system itself, MPs were told yesterday.

Rear Admiral William Ash, secretary of the Defence, Press and Broadcasting Committee which controls the controversial system, told the Commons Defence Committee that "the time has come for the original D-Notice scheme to be looked at again."

However, he rejected two proposals which would open up the system to more public scrutiny: publication of the D-Notices themselves and the publication of an annual report on the system.

The committee is examining the system for the first time. At the moment, D-Notices, which are issued to advise editors and broadcasters on national defence subjects, cover 12 subjects, but the notices are not published.

Rear Admiral Ash, answering MPs' questions, said that although publication of D-Notices would remove some of the mystery surrounding the system, there was a strong argument for not publishing the notices because they contain "some elements of confidential information."

He also rejected suggestions that an annual report should be published on the system because of the "unique nature" of the committee's work.

Rear Amiral Ash told the MPs that during his six months as secretary of the committee he had only received 30 inquiries from editors for guidance about what could be published. The questions covered the transport of nuclear material, factories making weapons and Government plans for civil defence.

One development which the Rear Admiral accepted might be desirable would be the use of more extensive introduction to each D-Notice as background guidance for editors.

Last week, Sir Frank Cooper, Permanent Under Secretary at the Ministry of Defence, also accepted the need for a review of the system.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEM
BY OUR LEGAL STAFF

Rebuilding clause

I have been established for 42 years at my business in London. Approximately 15 years ago I extended next door and took over six offices above me. In my original lease which is now expiring there was no six-month rebuilding or refurbishment clause, which the landlords are insisting on inserting in the new lease. In the premises next door and the offices which were assigned to me there is a six-month rebuilding clause when I took them over. Now all the leases are up for renewal, and I am resisting the landlords' demands for a six-month rebuilding clause being inserted in the lease of my original premises, as there was not one when I went into the premises 42 years ago. The landlords intend putting forward the case of Adams v. Green if the matter goes to court. How, please, do you see the position?

Adams v. Green is indeed an authority which would help the landlords in their argument; indeed the full transcript of the judgments in the Court of Appeal is even more helpful to them than the judgment reported in the Estates Gazette. However, there is a judgment now awaited in the Court of Appeal in the case of *O'May v. CLRP* which is likely to have a strong bearing on the position, and we think that your position cannot be fully assessed until that judgment is delivered in the Court of Appeal. If you do allow, or have to accept, the rebuilding break clause, your new rent should be lower. In any event, you can probably resist the "refurbishment" element. You must ensure that you make your application to the court for your new lease within the statutory limit of four months from service on you of the Section 25 notice to terminate your existing tenancy *in any event*; unless you have concluded a contract for a new lease with your landlord.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Leyland gears up for a commercial gamble

Ray Perman examines Leyland Vehicles' plan for the transformation of its two Scottish plants

LEYLAND VEHICLES is about to *make a huge calculated* gamble to secure the future of its two Scottish plants. The stakes are high—£175m to be invested over the next few years, more then half the total being spent by the company on its *whole recovery plan* covering 14 plants. And the risks are prodigious.

In essence the plan proposes a complete transformation of Albion Motors, Glasgow, one of the oldest and most respected *names in commercial vehicles*. From early next year the plant would end its 60-year history of lorry building to become instead the gearbox and back axle centre for the whole of BL's commercial vehicles arm.

The successful range of medium weight trucks Albion now produces, the Clydesdale, Reiver *and Chieftain, would* be assembled at Bathgate, West Lothian, a plant that until recently was notorious for its poor production record.

Ironically, the transfer would begin later this year at about the same time that Leyland is likely to reintroduce the "Albion" name badge to the *front of its trucks*.

Ian McKinnon, general manager of the medium/light division which the two plants comprise, acknowledges that the proposals are drastic, but argues that they are essential if Leyland is to keep up with its competitors, particularly from Europe, and if Albion and Bathgate are to *survive*.

But the risks are there. Leyland is gambling that the pride in *achievement, which is one* of Albion's greatest assets, can be carried over from completed trucks to components. It is gambling that the recent big improvement in Bathgate's industrial relations and productivity can be sustained. And—the biggest gamble of all—that the present slump in the *commercial vehicles markets* will prove temporary so that Scotland can produce and sell the increased numbers of vehicles necessary to pay back the very large investments now being started.

Already, before the plan has really begun to be put into effect, a fall in demand has forced 750 redundancies and the closure of the division headquarters in Edinburgh, opened *only two years ago*. McKinnon counts the fear of what the markets might do as his biggest worry. *Leyland* expects the UK demand for commercial vehicles to fall by 13 per cent this year and the strong pound has hit export competitiveness, essential in an operation which sells half its output abroad.

Albion and Bathgate are two very different plants, brought together by the Leyland merger with the British Motor Corporation.

The Glasgow factory, at Scotstoun on the Clyde, began building cars in 1899 and made its first truck during the first world war. *Despite* its cramped site and old buildings *it* is one of the most efficient plants in Leyland Vehicles and has an industrial relations record that is second to none: "We do have strikes," says Roy Dale, the plant director, smiling wryly, "*the last one was 30 years ago.*"

The total of days lost through disputes in 1979 was zero, while productivity increased by 10 per cent (and has risen again by the same amount in the first half of 1980). The working tradition at Albion, handed on literally from father *to son, has ensured an attitude* towards quality and reliability that was enshrined in the motto under the sunrise badge that used to grace Albion lorries: "as sure as the sun rises."

Why tinker with a plant that runs so smoothly? Dale's answer is that while Albion's record may be exceptional in the UK, *it is not when* compared with Continental or Japanese manufacturers. It must continue to increase productivity and that means increasing volumes. It does not have the space or the facilities to assemble more chassis; therefore it must switch to products which it can make efficiently.

Removing assembly from Albion will also mean cost savings, by *cutting down* the present criss-crossing of components between plants.

Negotiations with trade unions are to start shortly and Dale shows a surprising confidence that he will win agreement. The proposal to transfer lorry building from Albion to Bathgate was first put forward *in 1977*, when Leyland had plans to develop its own synchromesh gearbox. The unions fought the transfer with a public campaign before finally conceding. But the idea was shelved when Leyland abandoned its gearbox programme, *only to be revived now following* the licensing agreement with the West German group ZF. Dale believes he will again win backing from the shop stewards, even though it is bound to mean redundancies among fitters now working on chassis assembly.

"I believe that if you put the *facts logically and truthfully to* people, they will receive them logically. Retaining chassis assembly at Albion means hanging on to a dying product and over the next five or six years it is anybody's guess how much demand there will be for it. If we wait that long Leyland will have found somewhere else to make their axles and gearboxes."

The Albion works committee, however, has yet to be convinced. The stewards do not regard the *1977* agreement as settling the matter and want to see it negotiated again. This *time the emotional aspect*—the continuation of the plant's association with truck building —is less important than a straight headcount of how many jobs will be left at the end of the day.

The *ZF* gearbox, which can be made with half the labour needed for the 40-year-old con*stant mesh box at present made* at Albion, is seen as a threat rather than a saviour.

But Albion, even with union consent, is only half the equation. Bathgate is a very different plant with a very different history. Unlike Albion, its traditions are short.

It was set up in the early *1960s* by the *British Motor* Corporation, which would have preferred to have gone to the Midlands if the Government had not stood in its way. It was laid out more like a car plant than a truck factory, with an assembly line designed for *relatively quick production of* light vans and lorries. In an area of high unemployment, it drew its workforce from former shale oil or coal miners who adapted only slowly to the pressures of modern manufacturing.

To succeed properly, Bathgate needed contiouous production, but for much of its short life *it has not been able to achieve* it. Old habits have died hard. After four days at the coal face or in the shale pit, a man felt entitled to take a day off and it took a long time to persuade him that he could not do the same thing in a motor factory.

Not only was Bathgate built like a car factory, but it de*veloped the industrial relations* of one. By the late 1970s there were literally dozens of small groups of workers in the plant on different grades competing with each other for wage rates. Unofficial walkouts became commonplace, culminating in 1978 in a seven-week strike of machinists that even their shop stewards were unable to justify. It looked at the time to be a disaster, but it has proved since to have been a turning point. Something clearly had to be done.

In the last 18 months a team of management consultants has been unravelling the tangle of wage rates and grades, reducing 28 grades to seven. An appeals committee, comprised of 15 shop stewards and four management representatives, has dealt with each individual grievance and the senior stewards have pledged themselves to stamp out wildcat strikes. It is too soon to call Bathgate a dispute-free plant, but the improvement in the working atmosphere is considerable.

McKinnon is convinced that Bathgate is set for its calmest period for years.

Management too has had its failings—failing to give the shop-floor a straightforward product to build, or the right materials and equipment to *build it. While the unions have* been trying to tidy up the industrial relations structure of the plant, management has been trying to solve its problems. More than £2.5m has been spent raising quality, so that in 1979 quality and delivery were improved sufficiently for 200 distributors to say that they had noticed the difference.

Tony Jordan, plant director at Bathgate, has been encouraging visits by customers, to try to foster some mutual respect and understanding between the buyer and the shop floor.

Part of the £125m being spent at Bathgate will go towards making the factory less oppressive to work in. No-one is really sure whether the B block machine room is the big*gest in Europe* or merely one of the biggest, but it is massive. With each of its 2,000 machines painted a uniform drab green and the sunlight reaching the shop floor only after forcing its way through power cables, festooned from the gantries like creeper, you can see why it is known as "the jungle." All *that is to be changed.*

Some £750,000 is being spent just re-organising the plant, so that each stage in the assembly process will follow on logically from the last rather than having half completed components shuttling back and forth between blocks. And there will be new machines and equipment —much of it computer-controlled.

McKinnon and Jordan place great *emphasis on building up* pride in the plant, which until recently had very little to be proud of. They have been stressing its recent achievements rather than its ancient history and believe they can see *the result in improved morale.*

The enormous amount of good publicity from the launch of Leyland's Lancashire-built T45 roadtrain—a range of heavy lorries that has nothing to do with medium/light division— generated noticeable enthusiasm at Bathgate.

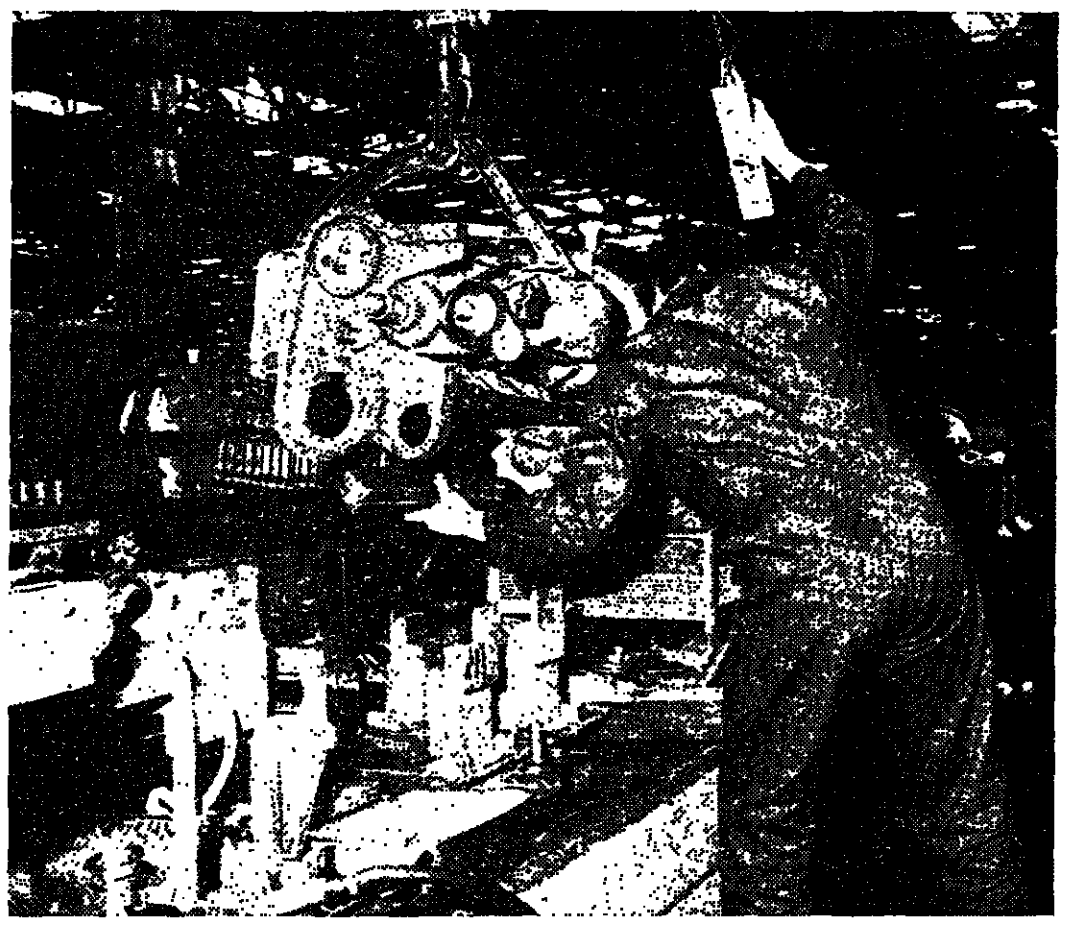
McKinnon is looking for a bigger boost from the big publicity campaign planned for the autumn to push the "G" cab range made at Bathgate and Albion. It *will be the first* occasion for the plants to judge the effectiveness of Leyland Vehicles' new centralised marketing team headed by Frank Andrews, himself a former head of medium/light division.

"We would be silly to say that we have stopped our manufacturing problems altogether, but we are *definitely* in a position now where we can stop looking inwards all the time and look outwards to make more and sell more," says McKinnon.

Looking outwards means carrying through the transfer of chassis assembly from Albion and the introduction of new models. The first, the T68, a *bonneted truck intended* for export markets, will come at the end of this year. A new light truck/panel van is planned to replace the present EA model, a basic box on wheels much used by the Post Office, and the FG, the delivery van much loved by bread manufacturers.

Further into the future are *the new trucks that* will be derived from the T45.

Most of the planned investment will pay for the introduction of these new models, on which the future of Bathgate—and indirectly of Albion since it will be supplying their axles and gearboxes — ultimately depends. To pay back the cost *they will have to be made and* sold in greatly increased numbers. That is the gamble Leyland is making, and the one it believes it can win.



Engine assembly at Bathgate, where shop stewards have pledged themselves to stamp out wildcat strikes

LOMBARD

Making justice more visible

BY RAYMOND HUGHES

THE NEWS that the Lord Chancellor's Department is actively considering a proposal that would result in fewer High Court cases being heard in private is welcome. Anything that leads to more open justice can only be of benefit, not only because it will add substance to the axiom that justice should be seen to be done, but also because it will be an indication that those responsible for the administration of the courts are sensitive to the need for more openness in society as a whole.

Scrutiny

We may not have a Freedom of Information Act; D Notices and recent court rulings may still make it possible for government departments and nationalised industries to conduct their affairs largely free from impertinent press scrutiny; but at least it seems that in future we can hope to be properly and adequately informed about most of the more significant court cases, many of which are of genuine public interest.

The proposal is that applications in the Queen's Bench Division for temporary injunctions pending full trial of an action would be heard in public when both sides to the dispute are present.

Under the existing procedure the Press is obliged to lobby the parties after the event, hoping that one—or preferably both—will be prepared to talk. As it is not uncommon for one side to be more forthcoming than the other, it is difficult for newspapers to publish fair and balanced reports. Such a problem need not arise if the Press can hear the evidence and arguments for itself.

There are, however, indications that a desire for consistency, uniformity, symmetry—call it what you will—is tempting the court administrators to take away with one hand while giving with the other.

The area of concern is that of ex parte applications, in which one party to a dispute can get an emergency order, for a very limited period, in the absence, and without the knowledge, of its opponent.

The proposal is that such Queen's Bench ex partes should continue to be dealt with in private. As if that were not bad enough, it appears that there is a feeling, not only in the Lord Chancellor's department, but also among some of those urging reforms, that in the interests of consistency, uniformity, etc., ex partes in the Chancery Division, which have always been heard in public, should be concealed behind "Court in Chambers" notices.

The reason given for not opening up Queen's Bench ex partes to Press and public is that to do so would be to give an unfair propaganda advantage to the applicant at a time when his opponent might not even know that legal action had been begun.

Such a nice concern for the wellbeing of defendants does not seem to have operated in the minds of those who have chosen to keep Chancery ex partes in open court since time immemorial; nor, it should be said, is there any evidence that defendants in Chancery have lost, or those in Queen's Bench gained, from the contradictory procedures.

Quit apart from that the reason does not bear close examination when seen in the context of the litigation as a whole and the way in which cases are reported. As soon as a case becomes inter-partes, which is likely to be within a few days of an ex parte application, when it comes on for the full trial of the action, and when it goes to appeal, it will be in open court.

Aesthetic

At the first two of these stages at least the plaintiff gets the initial advantage, if advantages there be, of publicity: his counsel opens the facts of the case, more or less non-contentiously—and more or less aware of tth presence of the Press: his evidence and legal submissions come before those of his opponent. It may be days before the defendant's case is aired.

It is to be hoped that these considerations, rather than those of consistency, uniformity and symetry, will prevail when the final decision is made on this aspect of court reform. It would be a pity if the Lord Chancellor's Department were to lose some of the credit it will gain from a decision to open up some courts by closing others, for reasons that are more aesthetic than practical or realistic.

Small flowers of distinction

GARDENS TODAY

BY ROBIN LANE FOX

EVERYBODY KNOWS the big border plants of high summer, lupins and the rest, and there is no point in telling you that you ought to be growing roses. This year, I am on the lookout for smaller plants of distinction with which to match these old favourites, a frame of more quality for a picture which in places can be predictable.

Violas have long been one of my favourites, above all the amazing white and violet-blue forms of the horned viola called cornuta. This easy plant lights up my whole garden and dominates the roses. Buy one if you can and you will soon be able to split it into a 100. I prefer the clear white form, the most remarkable value in any plant I know. It flowers from June till September.

Meanwhile, my attention is being drawn to the family of thymes. These are the great soft sell among plants. Everybody believes that they are delicious, good for the food and worth smelling. Personally, I only catch the scent when I tread on a plant as the leaves have to be bruised to be aromatic. Scented gardens in novels beguile their readers with banks of thyme as lawns and walks, but the smell would never hit you if you walked into their imaginary world, expecting to meet the late H. E. Bates and his supporting cast on a hot June afternoon.

The charms of thyme, at first sight, are the flowers and the colours of the leaves. During the past decade, some good thymes have crept on to the market and have not yet received fair due. They would be superb in the warmer garden of any Continental reader who happens to like this column and flowers. I will begin with two mystery hybrids, whose leaf and colour of flower are the match for any variety. Nobody seems sure of their parentage. They were born, it seems, on the wrong side of the beehive. Nurserymen should force them on to the chain stores' lists.

Doone Valley is a small thyme but has leaves of the most brilliant colour all the year round. They are more a golden yellow than green, so bright that they stand out on any slope or among neighbours as well flowered as hardy pinks. Each bush is about 6 inches high but spreads widely. They are first class foliage plants, but the flowers are also pretty lavender in colour from dark reddish buds in a style which does not quarrel with the golden leaf. I have lost it in one site, while growing it happily in another for five years. Before explaining why, I will alert you to a partner of similar case.

Thyme Porlock is an equally uncertain hybrid and cannot boast such a brilliant leaf. It is taller, some 9 inches high, and is a pleasant deep green when not in flower. The leaf is an excellent spice for cooking without any false trace of lemon. The flowers are profuse, a mass of clear pink which will open next month and last fairly well. This is the easiest thyme which combines a serious show of flower and a cook's dream of a leaf. Far too few of you grow it. It spreads easily for Christmas presents.

The case of these thymes was understood long ago by the herbalists who thought that the family cured anything from whooping cough to gamblers' fever. Sicknesses all took thyme, they used to say, and they also believed the plant was a sympathetic pair to common lavender, thriving best next door to it. The sympathy, of course, amounts only to the two plants' common taste for a very sharply drained soil where they would never suffer from heavy ground in a wet winter. Neither thyme nor lavender likes a rich soil.

Thyme is at its best beside a path or between paving stones where the food is limited. As soon as I put Doone next to a Valley low down on a bank or near my heavier patches of soil, I lose it in the winter. Frost is certainly not the enemy though some books scare you with talk of it. Higher up, on more gravel than earth, the same plant thrives with the Porlock variety beside it. Winter wet is lethal to it, so try to dig in some gravel when you plant it as an edging. You can multiply it endlessly from cuttings taken next month off shoots which have not yet flowered. They root so quickly that you should never buy more than one plant of any variety. Usually you can pull some rooted pieces straight off their parent.

Other thymes are a challenge to the ambitious, especially to those with a dry European garden. The most spectacular is a Spanish one called membranaceus, which makes a low and rounded bush. It is covered in pink flowers which are backed by marvellous bracts of a paper-white. I write with regret of this superb plant as I lost mine in the recent wet winter. Keep it for a south facing dry wall and regard it as a gamble or else plant it all over your bolt-hole abroad. In a dry climate all the Spanish and Portuguese forms of thyme are splendid, but this one is the best. British exhibitors are so proud of it that they grow it specially in pots in a cold greenhouse or unheated frame.

Far less bothersome is a fine Greek one, the "white-haired" thyme called leucotrichus. The heads of flower are a purple pink and are borne in thick clusters above the white hair on the edges of the thin leaves and twiggy stems. The plant is not much higher than a mat, but as yet it seems quite hardy and is reliable in a dry English corner. It is not yet a common plant, but you should snap it up wherever you see it as it has a future with us.

The many forms of lemon-scented thyme are more familiar. Most gardeners, indeed, go straight for Silver Queen on name alone. This is the best thyme for edging a dry bed bed where it will spread into a mat of grey-green and silver-cream leaves at a height of six inches or so. I have seen it used on the grand scale down the central path of a cottage garden which combined it with the bright magenta forms of the small hardy Cranes bill, or Geranium, a very sensible match for its pale colour. It is best, I think, in a block several feet or so across. Tip it quite firmly after flowering, using any of the bits as cuttings for the next year. Otherwise, it may sprout a bare patch in its middle. Be warned that shops sell Silver Queen forms of common thyme and lemon thyme quite indiscriminately. The former is the better for cooking.

For scent alone, the strongest of all are to be found on Corsica. These varieties are sold as thyme herba-baroni, a low growing and wiry form which is easy in any dry garden. Beth Chatto of Elmstead Market, Colchester, Essex will sell you a selected lemon scented and carraway-scented form, each of which is exceptionally sweet. The common forms of Europe's ordinary thymes are usually sold to cooks under the blanket heading of herbs. This Corsican brand has the better of them.

As front line plants among roses or day lilies, these various thymes are not often given their heads. They combine leaf, scent and flower while remaining evergreen. The best forms, as usual, are far better than those which everyone knows, a constant plea in this column. Easily multiplied and always tidy, a few of these plants will assure even the busiest business man that he has thyme to spare.

Cairn Rouge for Coronation

RACING

BY DOMINIC WIGAN

CAIRN ROUGE, one of 28 Irish-trained runners in action at Royal Ascot this week, can prove by a wi nin today's Coronation Stakes that there was no fluke about her 1,000 Guineas success at the Curragh.

Tony Murray could hardly have had an easier ride in the £50,000 Goffs Event. Cairn Rouge cruised into the lead at the Curragh approaching the distance and needed just one half-hearted slap down the shoulder from Murray, former stable jockey to Ryan Price and Charles Millbank, to produce a telling burst of speed which carried her ahead of Millingdale Lillie and the subsequent French Oaks winner, Mrs. Penny.

Described as the easiest classic winner he had partnered or ridden against by Murray after the Curragh success, Cairn Rouge could certainly have won by a wider margain had it been desired. Bearing that in mind, it will come as a disappointment if the Pitcairn bay who is bred to act well n yielding ground cannot account for her opponents. I expect to see her followed in by Our Home,

Michael Stoute, who so nearly achieved his first 1,000 Guineas success in Britain with Our Home, could have better luck with Hard Fought in the Jersey Stakes. This tough Habitat colt, who is sure to appreciate further rain according to his trainer ran a number of good races last season and returned to winning form recently after not getting the easiest of passages when third in a bunched finish to York's Norwest Holst Trophy.

France is rarely represented in the Queen Mary Stakes for two-year-old fillies and it will be fascinating to see how the John Fellows-trained Ancient Regime, a daughter of the brilliantly fast Caterina, fares against the home-trained runners.

In a wide open race for the Royal Hunt Cup, I shall be pinning my hopes on Smartset. George Ward's Martinmass colt, the winner of the 1979 William Hill Cambridgeshire, ran a fine race when placed in the Hunt Cup last year and is another for whom the rain will present no problems.

ROYAL ASCOT

2.30—Hard Fought**
3.05—Stats Emmar***
3.45—Smartset
4.20—Cairn Rouge
4.55—Toondra
5.30—Tolstoy*

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards. 240 5258. Reservations 836 3161. NUREYEV FESTIVAL until June 21: ROMEO & JULIET. June 24 to July 1: DON QUIXOTE. July 2 to 5: HOMAGE TO BALANCHINE. Evs. 7.30. Reduced price Mats. Sats. & June 26 at 2.

COLISEUM. Credit cards. 240 5258.

THEATRES

OPEN AIR REGENT'S PARK. CC. S. 486 2431. MUCH ADO ABOUT NOTHING with Annabel Leventon, Gary Raymond, Bernard Bresslaw. Evgs. 7.45. Mats. Wed. Thurs. & Sat. 2.30. MEET MR. MACREADY with Frank Barrie. Lunchtime today 1.15.

PALACE. S. CC. 01-437 6834.

CINEMAS

CLASSIC 1, 2, 3, 4 5. Oxford St. 01-636 0310 (opp. Tottenham Court Rd. Tube). Fully air conditioned.
1: GREASE (A). 1.15, 5.05, 9.05. SATURDAY NIGHT FEVER (A). 3.10, 7.10 in Dolby stereo.
2: THE GREAT ROCK 'N' ROLL SWINDLE (X). Progs. 1.00, 3.30, 6.05, 8.30.

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TV/Radio

÷ Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 11.25 You and Me. 12.05 pm For Schools, Colleges. 1.30 Heads and Tails. 1.45 News. 2.01 For Schools, Colleges. 4.13 Regional News for England (except London). 4.15 Play School (as BBC 2 11.00 am). 4.40 The Record Breakers. 5.05 John Craven's Newsround. 5.10 Huntingtower.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 International Match of the Day.
9.30 Party Political Broadcast by the Conservative Party.
9.35 News.
10.00 The White Tribe of Africa by David Dimbleby.
10.50 Target.
11.40 Weather/Regional News.

All Regions as BBC 1 except as follows:—

Cymru/Wales—5.55 pm Wales Today. 6.20 Tom and Jerry. 6.25-6.55 Heddiw. 11.40 News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
2.00 pm Royal Ascot.
4.05 Open University.
6.55 Swim.
7.20 Mid-evening News.
7.30 One Hundred Great Paintings.
7.40 The Colliers' Crusade.
8.10 Dance Month.
8.50 Midweek Movie: "Like Normal People."
10.25 Royal Ascot highlights.
10.40 Party Political Broadcast by the Conservative Party.
10.45 Newsnight.
11.35 Open University.

LONDON

9.30 am Schools Programmes. 11.55 Barney Google and Snuffy Smith. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 Camera: Early Photography. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Live From Two. 2.45 Fantasy Island. 3.45 Square One. 4.15 The Walt Disney Classic. 4.25 European Football Championship: England v Spain.

6.45 News.
7.00 Thames News.
7.30 Coronation Street.
8.00 "The Last Warrior," starring Anthony Quinn and Shelley Winters.
10.00 Party Political Broadcast by the Conservative Party.
10.05 News.
10.35 Shelley.
11.05 European Football Championship.
11.50 Barney Miller.
12.20 am Close: Personal choice with Ivor Mills.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.45 Charlie and Julie. 7.00 About Anglia. 11.50 Police Surgeon. 12.20 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 7.00 ATV Today, including Police Five. 11.50 ATV Newsdesk.

BORDER

1.20 pm Border News. 7.00 Lookaround Wednesday. 11.50 Brass in Concert. 12.35 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where, and Weather. 7.00 Report at Seven. 10.00 Vision USA. 10.33 Channel Late News and Weather. 11.50 Police Surgeon. 12.15 am News and Weather in French, followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 7.00 North Tonight and Area Weather Forecast. 7.25 Police News. 11.50 Reflections. 11.55 Barney Miller. 12.25 am North Headlines.

GRANADA

11.50 am Cartoon. 1.20 pm Granada Reports. 2.45 Family. 3.45 The Amazing World of Kreskin. 7.00 Granada Reports. 11.50 The Odd Couple.

HTV

1.20 pm Report West Headlines. 2.45 The Love Boat. 7.00 Report West. 11.55 The London Programme: The Special Patrol Group.

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.33-10.48 am ABC. 11.55-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 7.00 Y Dydd. 7.15-7.30 Report Wales.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 Power Without Glory. 7.00 Scotland Today. 11.50 Late Call. 11.55 Music at Harewood.

SOUTHERN

1.20 pm Southern News and Weather. 2.45 Charlie and Julie. 7.00 Day By Day. 7.00 Scene Midweek (South-East area only). 11.50 Barney Miller.

TYNE TEES

9.20 am The Good Word, followed by North-East News. 1.20 pm North-East News and Where the Jobs Are. 2.45 Andy. 3.15 In Search of . . . Killer Bees. 7.00 Northern Life. 10.35 North-East News. 12.00 Power Without Glory. 12.50 am Quiz of the Week.

ULSTER

1.20 pm Lunchtime. 2.45 Survival Special. 7.00 Ulster News Headlines. 10.34 Ulster Weather. 11.50 Superstar Profile (Woody Allen). 12.20 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 7.00 Westward Diary. 10.33 Westward Late News. 11.50 Police Surgeon. 12.15 am Faith For Life. 12.20 West Country Weather and Shipping Forecast.

YORKSHIRE

11.55 am Cartoon Time. 1.20 pm Calendar News. 2.45 The Lincolnshire Show. 7.00 Calendar (Emley Moor and Belmont editions). 11.50 SWAT.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	
3	1215kHz/247m & 90-92.5vhf stereo	
4	200kHz/1500m & 92.95vhf	

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Paul Gambaccini. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 4.30 pm Much More Music (S) (continued from Medium Wave). 6.03 John Dunn (S). 8.02 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from Royal Ascot. 4.03 Much More Music (S) including 4.20 Royal Ascot: Coronation Cup. 4.30 European Soccer Special (England v Spain). 7.00 John Dunn (S) (joins VHF). 8.02 Listen to the Band (S). 8.45 Alan Dell. 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Punch Line. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Sports Desk. 11.10 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composers: The Court of Burgundy Binchois (S). 9.35 Beethoven piano sonata (S). 10.00 Music for Organ (S). 10.45 John Sheppard concert (S). 11.30 Midday Concert, part 1 (S). 12.10 pm Interval Reading. 12.15 Concert, part 2. 1.00 News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Fifty Years of British Music (S). 3.50 Haydn and Brahms chamber music (S). 4.55 News. 5.00 Mainly For Pleasure (S) (‡ and mono only from 5.20). 7.00 Music Now. 7.45 College Concert, part 1 (S). 8.30 Six Continents. 8.50 College Concert, part 2 (S). 9.20 In Remembrance of Things Past. 9.55 Violin and Piano (S). 11.00 News. 11.05-11.15 Respighi (S).

VHF only—Open University: 6.00-7.00 am and 6.20-7.00 pm, and for Scottish students only 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek with Russell Harty. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Just a Minute (S). 12.55 Weather; programme news. 1.00 The World at One. 1.35 Party Political Broadcast by the Conservative Party. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Person to Person (Lord Denning). 8.45 Analysis (your electricity bill). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Jason Explanation (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

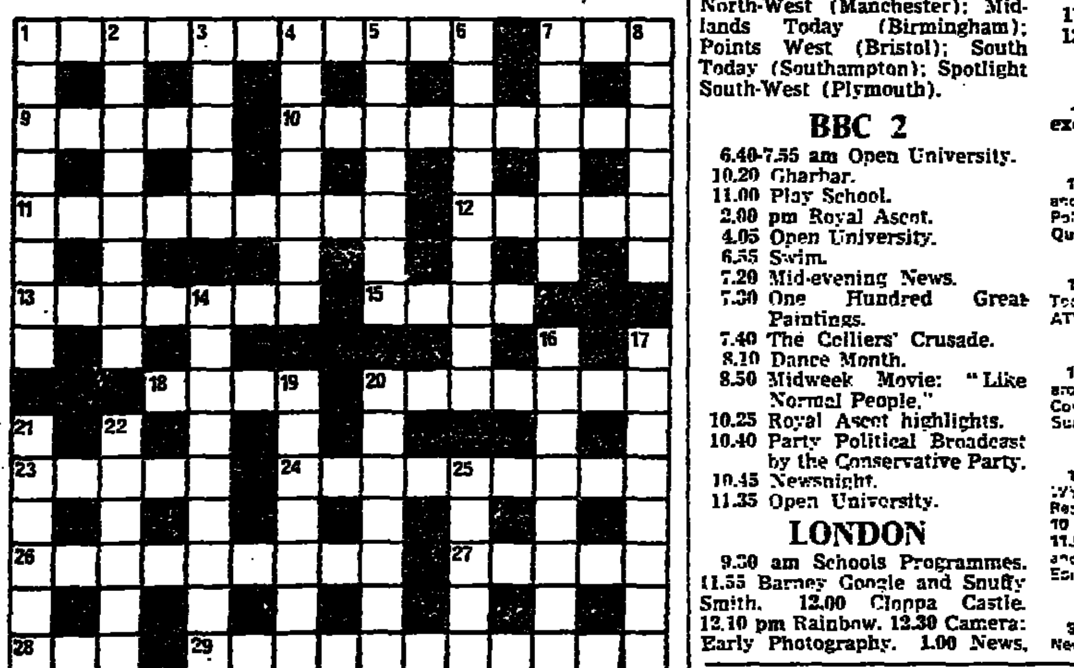
London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm Jazz After Eight—Keith Howell. 9.00 Nightline with guests LBC's Financial Editor Douglas Moffitt, discussing buying homes abroad and investing in foreign property: also Erich von Daniken, author of "Chariots of the Gods," discussing his new book "Signs of the Gods." 12.00 LBC Reports Midnight. 1.00 am Greg Bance—Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash continued. 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Your Mother Wouldn't Like It" (S). 11.00 Tony Myatt's Late Show (S). 2.00 am John Sach's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,300



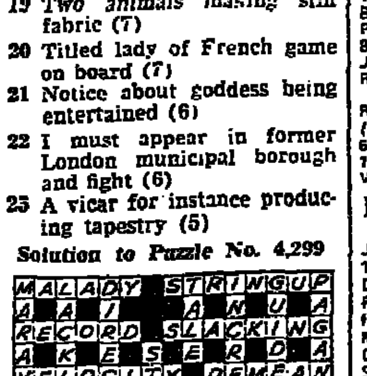
ACROSS

1 Open country residence that's lacking distinction (11)
7 and 28 Gloomy return to study refuse-heap (6)
9 Near to start of time in darkness (5)
10 Delay protracted slowness (9)
11 Bird holding invoice for shaver . . . (5-4)
12 . . . and pass the end of a rope through a bird (5)
13 Cannot even briefly make a mess (7)
15 Banter Eastern leader in anger (4)
18 Turns bat to first of slips to make a cutting stroke (4)
20 Put wine in river for improved relations (7)
23 Doctor taking tea and coffee (5)
24 Highly delighted to give bird a ring (4-1-4)
26 Steering a confused fish (9)
27 One who gets up part of stairs (5)
28 See 7 across.
29 Inlaid metal becomes red to harden (6-5)

DOWN

1 Agreement to get less (8)
2 Journal about Arsenal? (8)
3 Note placed in our exterior (5)
4 Upturned lip on feline taking seat at the back (7)
5 Cancel a direction in a ring (7)
6 Observe brilliant little plant (9)
7 Frenchman levelled a weapon and crippled (6)
8 One who follows well-known bank (6)
14 Made enemies and separated (9)
16 Destroy alternative and apprehend person to whom bill is assigned (8)
17 Transient, and time soldiers left (8)
19 Two animals making stiff fabric (7)
20 Titled lady of French game on board (7)
21 Notice about goddess being entertained (6)
22 I must appear in former London municipal borough and fight (6)
25 A vicar for instance producing tapestry (5)

Solution to Puzzle No. 4,299



THE ARTS

Television

Those were the days by CHRIS DUNKLEY

One of the main dangers for *anyone commenting regularly on* a medium as prolific—one might say as unremitting—as television *is the tendency to* concentrate more and more on the new, the newsworthy and the bad at the *expense of the well established*, the unsurprising, and the good. The difficulty is, of course, just one aspect of the problem which is familiar throughout all the communications mass media: that those events which interest us all most as readers and viewers are the unusual rather than the usual and more often than not that means bad news rather than good.

Any news programme (or newspaper) which habitually reported safe landings at Heathrow, international borders where hostility wasn't occurring, and *houses from which nothing had* been stolen would rapidly go out of business. If Anna Ford were to promise "Next, Scotland's crime figures—they're average again; news of an African state which has adequate rainfall and a well fed population; and after today's normal weather a report about a London pavement which is so cool it won't fry an egg" very few of us would stay with her until after the break. However depressing the catalogue becomes it is the air crashes, the border wars, the discomfort and the disasters which go on creating interest.

So too with television's own newsworthiness. After watching scores of programmes in the past week those sticking most stubbornly in the mind are the oddities and the flops—*Quartet* on BBC2 for instance, a bizarre little effort which looked like an impromptu concert party got up to amuse the passengers *on the* Mauretania *on a damp* afternoon. Alan Bennett, Russell Harty, Penelope Keith and Elaine Stritch raided the twenties but the twenties resisted their best efforts.

ITV's *Meet Janet Brown* also lurks in the memory. It proved that Janet Brown is like so many other impressionists in having a single party piece (in her case Margaret Thatcher) which is so much better than all her other imitations that it might be advisable to stick to it, sell it dear, and forget the rest. Her Princess Anne, her Annie Walker and her Barbara Castle would have kept us guessing for ever but for the instantly recognisable clothes and accessories.

The memory of the *last Levin Interview* on BBC2 also lingers on. "As you awaken out of dualism you realise it was a dream . . . you work on yourself and you become an environment . . . I'm in the business that Christ was in . . . dying is a hype . . . me as a social scientist is appalled" said interviewee Ram Dass, to which Levin's reply ought to have been "Is you just?"

Dass (otherwise known as *Richard Alpert*) gave the week's most breathtaking performance of line-shooting. The other programmes in the series involving Sir Michael Tippett, Friedrich Hayek, Arthur Rubinstein and so on were safely landed aeroplanes; Dass represented the *mid-air* disaster and is thus sadly more noteworthy.

The sobering fact is that much of the material which gave me particular pleasure last week was *either old, sometimes very* old, or imported from America, and in several cases both. What's more I had to stay up till the early hours of the morning to see most of it.

For instance *The Outer Limits* on BBC2 started 20 minutes after midnight on Friday and finished at 1.15 am—and it was not even one of the best episodes in these old black and white science fiction series. They were all made in America in the early sixties when monsters were mandatory in s.f. *programmes, so every episode* contains a weird Thing, usually from outer space though sometimes from the past. Each programme opens with a delightfully portentous announcement about your television set is being taken over, and closes with *its control being "handed* back" to you.

Childish stuff, of course. Yet many of the episodes have a narrative vigour, a moral conundrum in the plot, and an interesting if not very lifelike complexity in the characters which is generally absent not only from today's American imports but from our domestic products too. Better *still*, no matter how dated the then futuristic hardware may look today in the light of intervening developments, every episode of *The Outer Limits* is marked unmistakably by an understanding and sympathy for the medium of television which is dreadfully rare—and, I sometimes feel, even more rare today than it was in the sixties. This week's episode, "I, Robot" (which is an Asimov title though he gets no credit) starts at 12.30 am and runs till 1.25 am.

42nd Street which is even older ended later still at 1.35 am but every minute was worth *staying up for*. Muscular Ruby Keeler may not be everybody's idea of a glamorous star (in fact *the script, giving birth to one of* Hollywood's all-time great clichés, makes her novice status very plain: "You're going out there a youngster, but you've *gotta* come back a star!") yet beautiful Bebe Daniels is, surely, exactly that.

I *suspect* that the large number of American musicals which have been tacked on to this year's "Dance Month" on BBC2 represent an attempt to add importance to the event by that other criterion of newsworthiness—sheer size, yet I suppose I can hardly complain. Last time I castigated the BBC for parading a narrow body of *work taken exclusively from* Western classical ballet dressed up in a title as voluminously broad as "Dance Month." Any broadening of content is welcome.

Moreover "Dance Month" did provide one of my Most Enjoyable Programmes of the Week: the third of the Scottish ballet's *Three Dances to Japanese Music* was in its stage form unusual in exploiting oriental music and costumes, and pleasingly out of the ordinary in being overtly erotic. Better still, though, it *had been directed* (by James Hunter? Difficult to be sure) both with an awareness of the work of people such as Busby Berkeley in *42nd Street* and with the deliberate intention of exploiting the potential of the electronic camera—we saw a couple of mixes, for example, and that made it virtually unique in "Dance Month"

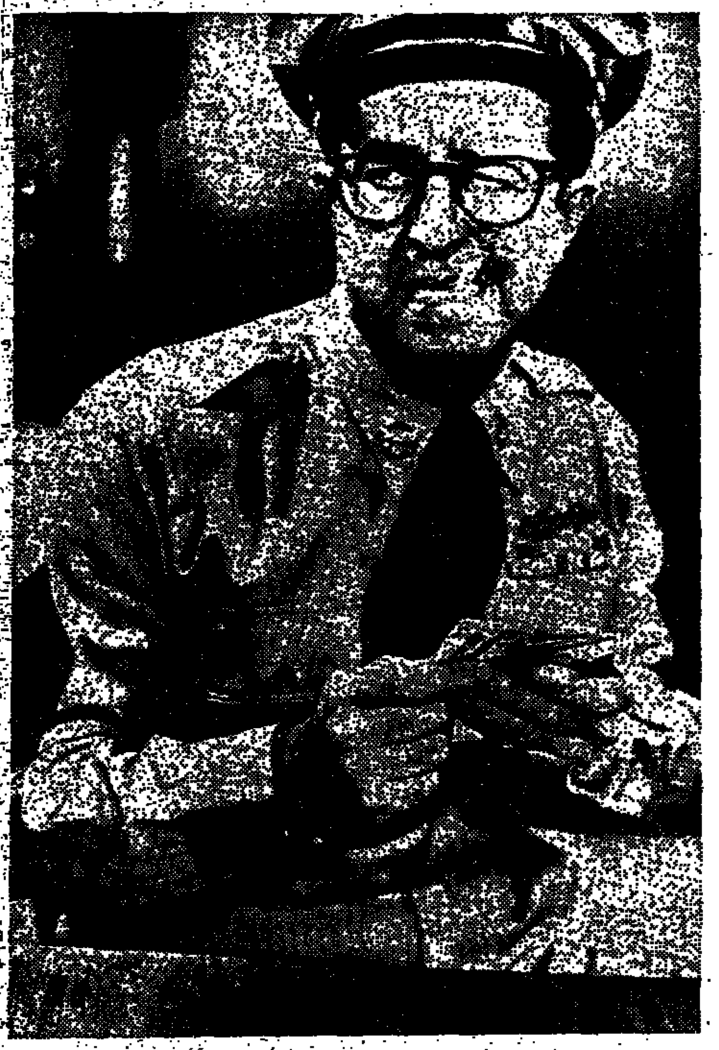
The other two British programmes featuring on my list are ATV's *Turtle's Progress* and BBC2's *Innes Book of Records*, neither of which has much news value any more, but both of which are indulgently enjoyable. It must be admitted that *Turtle is woefully limited* by the precept governing every story—that it must emerge from yet another of the stolen deposit boxes—yet the value of the series remains almost unaffected since it is invested in the character and language.

Nor does the *Innes Book of Records*, but the single most important trait making this series so likeable is that the widely talented Innes—singer, mime, instrumentalist, mimic, nutcase—appears to have such affection for all the people and all the styles from which he constructs his pastiches. Indeed it is sometimes hard to know whether a parody or a tribute *is intended, and not at all clear* whether Innes himself is sure. During last week's "Keep On Rockin'" for example, Innes in full drape with the girls doing hand jive was clearly having just as good a times as he was in the Joel Grey persona he used while singing in the style of Charles Aznavour to accompany his own Charlie Chaplin take-off.

Least newsworthy of all the week's enjoyable programmes *were three more familiar American imports: Lou Grant* which sustains a standard of script and acting that cannot be found in any other current American drama broadcast in Britain, and in precious few British ones (yet still it goes out at 11.30, assuming it goes out at all); *Sergeant Bilko* which proves more impressive with every repeat, not *least because lesser mortals* continue, understandably enough, to copy the superb television comedy technique perfected by Phil Silvers 25 years ago which remains tear-streamingly funny to this day (and still it goes out at 11.45); and *Soap*.

The real strength of *Soap* is that below its superficial obses*sion with miscegenation, homo*sexuality, murder, insanity, adultery and so on it is deeply sentimental with its roots held solid by the traditional American faith in the matriarchal family.

The current's season's run of *Soap* has just ended, but those of us lucky enough to live in London are to be provided from *this coming Friday with Mary Hartman, Mary Hartman* instead—a Norman Lear series which antedates *Soap*. Now that's news.



Phil Silvers

Leonard Burt

Peter Hofmann and Yvonne Minton

Covent Garden

Parsifal by DAVID MURRAY

The Royal Opera production of Wagner's *Parsifal* by Terry Hands was roundly abused last year. *On Monday it reappeared* subdued, but only because the usual "industrial disagreement" had led to lost rehearsals, and thence to a *simplified staging*. The Parsifal—Peter Hofmann again: Sir Georg Solti and all the principals are back—was allowed to wear a form of trousers throughout, thus avoiding one of the irrelevant excitements of the original first night. Deplorably, the kootch-girls in Act 2 remain, rattling their beads *among the Flower Maidens*. There is no evidence that Hands has brought his skills from the straight theatre to bear upon the acting — Kurt Moll's Gurnemanz is so imposing and complete a performance that it must be all his own work, and his colleagues offer mild, honest sketches.

Hofmann is restored to good voice (scarcely ringing, though intelligently used: he never sounds like someone who would sing for pleasure in his spare time). The price of cutting such *a prettily plausible figure in* Act 1 seems to be a want of maturity in the later music: he rises to an attractive boyish dignity for "Erlöser! Heiland!" and for the whole Good Friday scene, but nothing more. Whatever saintly wisdom Parsifal is meant to have learned has to be read through the orchestral music, which Solti treats magnificently. He forces nothing, and the score glows in rich hues; in a virtually seamless Act 3, Good Friday (with the help of an inspired oboist) was radiant. The darker thoughts in the music are even softened a little—they would betray the production were they not.

The softening begins with Norman Bailey's Amfortas, a creditable study blunted by resignation two acts too early. Bailey of course commands the *dignified pathos of Hans Sachs*, but Amfortas' anguish must be distressing, even shameless; *here*, the cries of "*Erbarmen!*" do not stab the heart. (His weary last scene is much stronger.) Even the great first-act interlude has its teeth drawn by Hands: *instead of the broad* transformation required, he sets his Gurnemanz and Parsifal to wandering mazily about the stage, like children treading fairy rings and absurdly distracting. Yvonne Minton's Kundry Mark I is no guilt-ridden hag, but a fetching creature in Pocahontas get-up; Mark II is a worse turn, a Ken Russell vision in gold. (*Karajan* at least captured the spirit of the role when he had his *Kundry transform from Martha* Mödl into Christa Ludwig.) In spite of being uncommonly note-accurate—or maybe because of that? Miss Minton's Kundry is tastefully cool.

And disastrously beset by the omnipresent kootch-girls: Hands *plainly does not grasp a crucial* dramatic point of Act 2, which is that in her original-sin narrative, Kundry is stepping desperately outside the limits of her allotted seductress's part. Hanns kills the terrible confessional sense quite casually; the kootch-girls posture all through the scene, and it becomes a routined night-club act. *In the circumstances* Franz Mazura manages a goodish Klingsor—perhaps fully-realised lighting would give him the needed help. The Grail is all right; the celestial boys' voices aren't; the Knights assemble as if for a nonconformist meeting, *clean against the grain of their* hieratic music. No doubt the proper rituals would offend Hands' tastes, though part of Wagner's intention was to present those unquestioning ceremonies *as* moribund. Still, Solti and Moll between them expound the opera with such *tenderness* and gravity that Wagnerians will not be disappointed—*they can regard the rest as* illustration by strip-cartoons.

New York State Theatre

New York City Ballet

The front cover of the New York City Ballet's daily programme bears a photograph of Merrill Ashley wearing one of those dull NYCB pink dresses, poised in arabesque. Caught *thus on the wing*, Ashley offers a quintessential image of the present generation of City Ballet artists. Her *line is* generous, open; the stretch of torso and limbs is full, easy; there is an eager, onward-darting lightness and energy, beautiful placing crowned by the lovely head. She looks glorious, and more glorious still in action *in Allegro Brillante*—whence pose and dress come—which began a performance I recently saw by New York's pride in its own theatre.

Allegro Brillante is set to the opening movement of Chaikovsky's incomplete third piano concerto, and for the central female dancer Balanchine has conceived dances of glittering *bravura. Ashley has the speed*—none speedier—the clear-cut, dynamically varied and absolutely easy virtuosity the work demands. Her dancing, as we lately saw at Covent Garden, has the fire, the lustre of diamonds. Nothing seems beyond this prodigious dancer. Yet since her performances last September it is as if Ashley has *gained in lyric warmth*; instead of being a *rivière* of diamonds, her movement is a string of pearls. This softening of *Ashley's attack, without* any loss of precision, is something Balanchine has sought for her in his new *Ballade*—to Fauré's score—and it is what was so noteworthy in her dancing in *Allegro*. Here she becomes so entirely at one with the music *that she can find time*, when plainly no time exists, to allow a pose to reach its fullest, richest extension. *The dance* blossoms. In the piano cadenza, set as a solo for the ballerina, Ashley produces rubatos that allow her trunk and arms to ease gently into positions, when the tempo is still a truly brilliant allegro. *Marvellous*.

This same programme had *Episodes* at its heart. This is the 20-year-old study Balanchine made to Webern music: the op. 21 symphony (led by Stephanie Saland and Ib Anderson); the five pieces *op. 10* (for Wilhelmina Frankfurt and Christopher Fleming); the concerto op. 24 (for Allegra Kent and Bart Cook), and as final resolution, the Ricercare from Bach's *Musical Offering*. Staggering, exhilarating, the first three sections are along the most haunting dramatic choreography I know. The absolute compression and austerity of Webern's writing is mirrored in tiny incidents for the three couples, which seem like Noh plays, filled with *secrets, bizarre, succinct*, with battles of will and physique which we glimpse in the tightly compressed, allusive form Balanchine adopts.

Saland and Anderson are seen in a duet where they are linked for much of the time, hand to *hand; Frankfurt is* placed in a pose by Fleming and then left in this seemingly incomplete position, just as the music appears to leave our attention hanging in the air; Kent and Cook—thrilling artists—establish a world resonant with *sardonic, elegant dialogue. Episodes* is hypnotic, un-putdownable.

The final *Vienna Waltzes* looks ideal on its home stage, *with patterns opening out, and* mysterious reverberations of image coming from the dimly reflecting backdrop. Karin von Aroldingen and Suzanne Farrell, who open and close the piece, offer beautifully complementary views of the waltz. Von Aroldingen has its beat, its lilt in her spirit, in the curve and sway of her torso; Farrell, in *the final Rosenkavalier* sequence, is its insidious, constant and beautiful allure. And when 25 couples pour over the stage at its end, you could swear that this is the most stirring dancing in the world.

CLEMENT CRISP

Snape Maltings

A Midsummer Night's Dream

The new *Midsummer Night's Dream*, briefly described by Andrew Clements after the first performance, is a joint effort by the Aldeburgh Festival, the Snape Maltings Foundation and the English Music Theatre Company. Christopher Renshaw (producer) and Robin Don (designer) have advised a radically-conceived staging quite *different from the* old one at Covent Garden and before that, in pre-Malting days at the *Jubilee Hall. How the new*, filling the height, widths and depths of the stage at Snape, will adapt to *proscenium* theatres remains to be seen. Meanwhile, such a thorough exploitation of a particular space is greatly stimulating. Dramatic and visual expectations are satisfied. The music is enhanced.

There are three main elements in the design—a faintly shimmering backdrop of tinsel strips, cloud shapes of metal gauze, moved sideways to cover scene changes overlapping like thickly leaved branches; most importantly, triangular trapeze *bridges sliding* back and *forth in and out of one* another. *As* the singers climb up and down the bridges three clearly but not rigorously defined levels become perceptible—*at the top*, the immortals with Oberon as the apex, in the middle *Theseus* and the lovers (*the court*), *below the rustics* (the people).

The lighting by John B. Read successfully transforms the construction into the mysterious wood, unfriendly but not grim—there is play with iridescent soapbubbles, gleaming drops of herb-juice, and twinkling flower-lamps. The choreography by Terrence Etheridge is discreet. *Otherwise, except for* the raucous acrobatic Puck of Mike Chubb moving across the three *levels, physical movement tends* to be inhibited. Perhaps more attention was paid to the metaphysical implications of the levels, than to the physical *ones. Oberon* in the person of the counter-tenor David James moves little and stiffly—with more practice on the girders confidence and mobility should soon match the authority with which Mr. James projects his voice.

Under Steuart Bedford's *direction the score comes up* visibly, revealing, as well as the ingeniously prickly night *noises, more stinging pain* than one remembered, pain inflicted, pain received, passing gradually into resolution and reconciliation. There is some excellent singing but, for a company expressly concerned with "music theatre" performing an opera with words by Shakespeare, too much weak diction. Two notably gifted young sopranos Marie McLaughlin (a Titania whose voice shines like quicksilver), and Helen Walker (Helena) were offenders. The remaining lovers — Kate Flowers, Niel Mackie and Richard *Jackson were innocent*. So was Roderick Kennedy as Bottom, not a very resourceful comedian but a strapping young bass who delivered a miraculous *portamento yawn* as the exposition of sleep fell upon him. One more performance during the *Festival on Thursday* evening.

RONALD CRICHTON

Morley College

Musica Viva

The regularity with which the music department at Morley College comes up with enterprising, ambitious programmes is some measure of the vitality and curiosity going into performances there. Reading the details of the Musica Viva Ensemble programme before Monday's concert, it was difficult to believe that the performers were to be amateurs—Lutoslawski's string quartet, Oliver Knussen's *Rosary Songs*, Xenakis's *Charisma*, Stravinsky's *Three Shakespeare Songs*—works which in the professional world would be the province of specialist ensembles.

It would be warming to be able to report that grand ambition was *appropriately* rewarded. But resources, evidently intended to be at full stretch, were taken beyond their competence. Knussen's settings of Trakl were the major casualty; the iridescent web in which the poems are cocooned sounded too forthright, the dynamics consistently too loud, the delicate timbral effects largely neglected. Lutoslawski's quartet also, for all the enthusiasm and evident *dedication of the Musica Viva* Quartet, needs more subtle handling if it is not to sound *crude* and commonplace, though the shorter first movement, full of hesitancy and the refusal to settle down to a single direction, was quite carefully tended.

The robust irreverence of Stravinsky's songs survived better: they were intelligently sung by Jane Ginsborg. And Xenakis's brief skirmish for clarinet and cello, played by *Jeremy Rose and Libby Wilde*, survived best of all: perhaps as the dust settles and his music *is more widely played*, we shall be able to separate the serious explorations of the fringes of instrumental sound from the pieces of more humourous intent. For the moment, however, everything Xenakis writes must be viewed with suspicion.

ANDREW CLEMENTS

'Work-in' at drama college

Students at Rose Bruford College of Speech and Drama, Sidcup, Kent, are holding an all-night "work-in" on Friday, June 20, in protest against a reduction in the college's 1980-1981 funding from the Education Department.

Events will include a sponsored reading of *Paradise Lost*, *a rehearsal of Chekhov's Ivanov*, and a reading of the complete works of Shakespeare.

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London's mass transit crisis

THE PUBLICATION of a consultant's report to the Board of London Transport on its own management deficiencies will serve a useful purpose if it forces all concerned—and not just the unhappy directors who have been pilloried—into drawing up a basic strategy for public transport in Britain's capital. This is urgent not because of the lack of "business culture" detected by the consultatants in what seems to be a generally somewhat unhelpful report, but because the finances of London Transport are now in grave crisis.

Fare levels

The report itself should be dismissed as largely irrelevant. The London Transport Executive is the servant of the Greater London Council, and cannot by itself generate a strategy; only the GLC can decide what kind of system it wants and is willing to pay for. Nor is it helpful to congratulate the Executive on managing at a lower level of public subsidy than systems in other cities; this has been achieved simply by fares among the highest in the world—in money terms, let alone in relation to income—and the level of fares is in fact part of the problem. Fare levels are now driving away passengers in such numbers that revenue was rising only half as fast as expenditure in 1979. Leaked figures suggest that this slide into bankruptcy has accelerated alarmingly during 1980.

This fact is not in itself any condemnation of the management: the economics of public transport are such that it universally requires subsidy. A public transport system can best be regarded as an indispensable part of the transport system of a city generally; without it, the road network could not handle more than a fraction of the traffic. It is no more relevant to ask whether the system is profitable than to ask whether the local authority makes a "profit" on road maintenance. The problems of strategy are partly to decide on an appropriate level of subsidy and one test is a level of fares which will enable the system to hold its market share, as well as reaping the benefits of scale economies. The management problem is largely that of any enterprise aiming to achieve efficiency while drawing a subsidy: feather-bedding of one kind or another is endemic in public transport, a seemingly necessary evil to be minimised.

If this is accepted as the nature of the problem, then it is the GLC which stands condemned for lack of strategic thinking. Its only concern seems to have been to minimise its subsidy. The executive's clearest faults are wishful budgeting, and a failure — in which it is not unique — to make significant progress in productivity. The structure of financial relations betwen the two bodies, with penalties attached to below-budget performance, looks on the face of it compartively sound, and a real spur to efficiency. It is the underlying numbers which are suspect.

In London passenger fares in 1979 covered 90 per cent of the costs of the underground system and 55 per cent of the cost of the bus service. These are unusually high proportions. In Paris, for example, passengers are expected to cover only a third of the cost, and this is by no means abnormal.

There is a strong case for a higher subsidy, which rests not on despair, but on value to those paying. Some of the major benefits of public transport are enjoyed by those who do not use it—businesses, who depend on it for staff and customers, and private motorists, who can only use the roads as long as they remain a small minority. A proper transport strategy would price the system as a whole, to maximise the efficiency of the system as a whole. Since the era of "economy," which has led to fares higher per seat mile similar to a flight in Concorde, has clearly started to demonstrate its own inner absurdity, a rethinking of strategy on these lines cannot be avoided.

Scapegoat

The danger of publishing the consultant's report—apart from ensuring that other public bodies are unlikely to risk such humiliation—is that attention will be diverted from strategy to the search for a scapegoat. There are certainly important details which need putting right; but strategy must come first.

Mésentente in the Pacific

POLITICAL disturbances are not uncommon in colonial territories in the period leading up to independence, and it is not entirely surprising that local rivalries should be creating difficulties in the New Hebrides in the weeks preceding its independence, planned for July 30. What is disturbing is that Britain and France, as the two powers which have been responsible for governing the condominium since 1906, should be so signally unsuccessful in agreeing how to handle the situation. Mutual recriminations between the two Resident Commissioners on the spot certainly do not help and expose their respective governments to ridicule and contempt. In principle there is due to be a meeting between Mr. Peter Blaker of the Foreign Office and M. Paul Dijoud, France's Minister for Overseas Territories, but M. Dijoud has so far been unable or unwilling to fix a time and a place for such a meeting.

Integrity

As the responsible powers, Britain and France have an obligation to maintain the integrity of the New Hebrides until its independence, if at all possible, and to hand it over in good order to the locally elected government. In the recent elections the anglophone Vanuaaku party led by Father Walter Lini won an overwhelming victory, including a majority of the votes on Espiritu Santo itself, to the surprise and disappointment of the French settlers in the territory, and the fledgling elected government is entitled to expect that its legitimacy and the integrity of the New Hebrides will be respected by the colonial powers. There is no reason to suppose that Mr. Jimmy Stevens, leader of the breakaway group on Espritu Santo, has or could get majority support from the population of the island.

What happens after independence is another matter. Mr. Stevens may think he is on to a good thing in trying to turn Espiritu Santo into a tax haven, even if it means relying on the very dubious assistance of such murky interests as the Phoenix Foundation. But it is not good policy for the colonial powers to lend themselves to such schemes or to acquiesce in the fragmentation of a territory which is barely big enough in its complete state to be viable as an independent country.

On the other hand it is clearly undesirable that there should be violence in reasserting colonial authority over Espiritu Santo, and there should be no need for violence. The 200 marines which have been sent out from the UK are there to make it clear that force could be used if events get out of hand, but that moment does not appear to have arrived. It probably would not arrive if the British and French Governments could agree on a policy that was both firm and calm.

The condominium of the New Hebrides has long been such a notorious paradigm in microcosm of age-old rivalries and cultural conflicts between the British and French that it would be unwise to assume that British conduct in the territory and British policy as formulated in London are perfect, and that the blame lies entirely with the French. Yet there is little doubt that the French are unhappy with an election result which would put the territory in the hands of the anglophones, and certain very recent French actions, such as the sudden dispatch of French gendarmes to the territory, and their equally sudden withdrawal, raise the question whether the French Government is playing a very straight game.

Instinct

Various cynical explanations for French behaviour have been suggested: that they want new elections in the hope that the Francophones might win: that they are afraid that the example of independence in the New Hebrides would start pressures for independence in nearby New Caledonia; even that they are in the final analysis reluctant to give up even a shared remnant of their empire. The true explanation may be different: an ineradicable instinct for acting differently from the British. But whatever the true explanation, neither France nor Britain will gain any advantage nor any credit if they allow the Stevens rebellion to drag on, and the sooner Mr. Blaker and M. Dijoud can settle on a common strategy for bringing the New Hebrides to independence as soon as possible, the better it will be.

Heads begin to roll at Fiat

BY PAUL BETTS IN ROME

"FOR THE car business as a whole the next few years are a gamble and I'm afraid we shall see some funerals," Sig. Giovanni Agnelli, the chairman of Fiat, laconically remarked on the top floor of his conglomerate's drab headquarters in Corso Marconi in Turin. "And Fiat in Italy today is far more vulnerable than powerful."

Hence it is unsurprising that profound, it so far largely unnoticed, changes are taking place i nthe top management thinking of Fiat. They are likely to bring about a significant reversal of some of the key management policies both Sig. Agnelli and his younger brother, Umberto, Fiat's chief executive now in control of the runnin gof the giant car group, embarked upon after the last world car slump in 1974-75. It comes at a time when Fiat is finding it increasingly difficult to keep up with the pace of international competition and is losing ground in some of its main export markets, largely to Japanese car producers.

At its annual meeting on July 1 in Turin Fiat will again report to its shareholders a net profit of nearly L40bn (£20.5m) for 1979 and disribute an unchanged dividend of L185 per share. But these earnings are in large measure the result of

Only an odd number of directors can run a company, and three is too many

the group's overall sound financial positio nand its profitable activities outside its car business. Fiat's car operations last year, after breaking even in 1978, showed a net loss of L97bn despite continuing buoyant car demand in Italy, the group's biggest market.

Coupled to this, Fiat's heavy vehicles arm — the IVECO group — also registered a loss of L8.2bn last year. These losses have been compounded by the withdrawal earlier this year of Kloeckner-Humboldt-Deutz of West Germany which decided to sell back to Fiat its 20 per cent shareholding in IVECO.

FIAT'S SHARE IN WESTERN EUROPE
(thousand passenger cars)

	Fiat sales*	Total car
1973	1,675	9,388
1974	1,390	8,127
1975	1,342	8,356
1976	1,374	9,474
1977	1,371	9,960
1978	1,464	10,162
1979	1,345	10,475†

* Fiat, Lancia, Autobianchi and SEAT
† Estimate

In view of Fiat's traditional difficulties in making cars profitably in Italy, it has sought during the past few years to boost its strengths in its other industrial sectors. But its car operations, accounting for nearly half its L15,000bn consolidated turnover last year, are so dominant that the group's future fortunes are bound to revolve around this business in the next crucial years.

In unchanged circumstances, there is a real risk that Fiat's car operations could eventually be driven out of business or, more probably, end up in the state subsidised economy. This would have dire reprecussions for Italy for it is generally acknowledged, even by the Communist Party, that for the Italian economy to prosper Fiat needs to prosper too.

For all these reasons, the Agnellis are now revising some of their earlier policies. The next few years will probably see at Fiat a return to a more autocratic and centralised form of leadership on the model of the company's founder, the late Giovanni Agnelli, grandfather of the two brothers. He was reported to have once said: "Only an odd number of directors can run a company, and three is too many."

In many respects, this is already happening. Sig. Umberto Agnelli admitted last week that at least in the beginning of the 1980s Fiat will revert to "a more centralised management style" in sharp contrast to the policy of management devolution of the last few years. "The company must tackle a whole series of painful and unpopular problems and these responsibilities should fall on the shoulders of a few," according to the Fiat chief executive. The group, he added, had to improve internal efficiency both at the production end and right down the management line. It had to sharpen its market approach and its product mix. In a broad belt-tightening policy, it had to scrutinise overheads more carefully.

This has been translated in the past few weeks into a number of proposed management changes in Fiat offices in Italy and abroad. Heads have begun to roll. More significantly, Mr. Jacques Vandamme, head of IVECO, has now resigned and is to be replaced by Sig. Giorgio Manina, the former chief executive of the Fiat controlled publishing group Fabbri.

These changes have been preceded by an equally significant change in the company's attitudes to industrial relations. It had attempted to buy industrial peace and improve productivity through a policy of collaboration and dialogue with the Italian trade unions. New Fiat, after much hesitation, has noticeably hardened its approach towards labour relations even at the risk of setting the company on a collision course with the trade unions and the left-wing parties, particularly the Communists.

Last October Fiat took the unprecedented decision to dismiss 61 car workers for industrial violence and temporarily halted all recruitment at its Italian car plants. The move was largely a management response to factory violence. It led Sig. Giovanni Agnelli to say at the opening of the Turin Motor Show last April that unlike any other major car producer, "Fiat makes cars with one hand and fights a guerrilla war with the other." Indeed, since 1975, three Fiat executives have been killed and 17 other employees kneecapped or otherwise wounded by terrorists.

The decision, which caused a major political storm, has been followed by equally controversial moves like the decision to put some 78,000 car workers on short-time this summer. "We mean business this time," claimed Sig. Vittorio Ghidella, managing director of Fiat's auto division. He also warned the company may be forced to turn to more widespread temporary layoffs later this year.

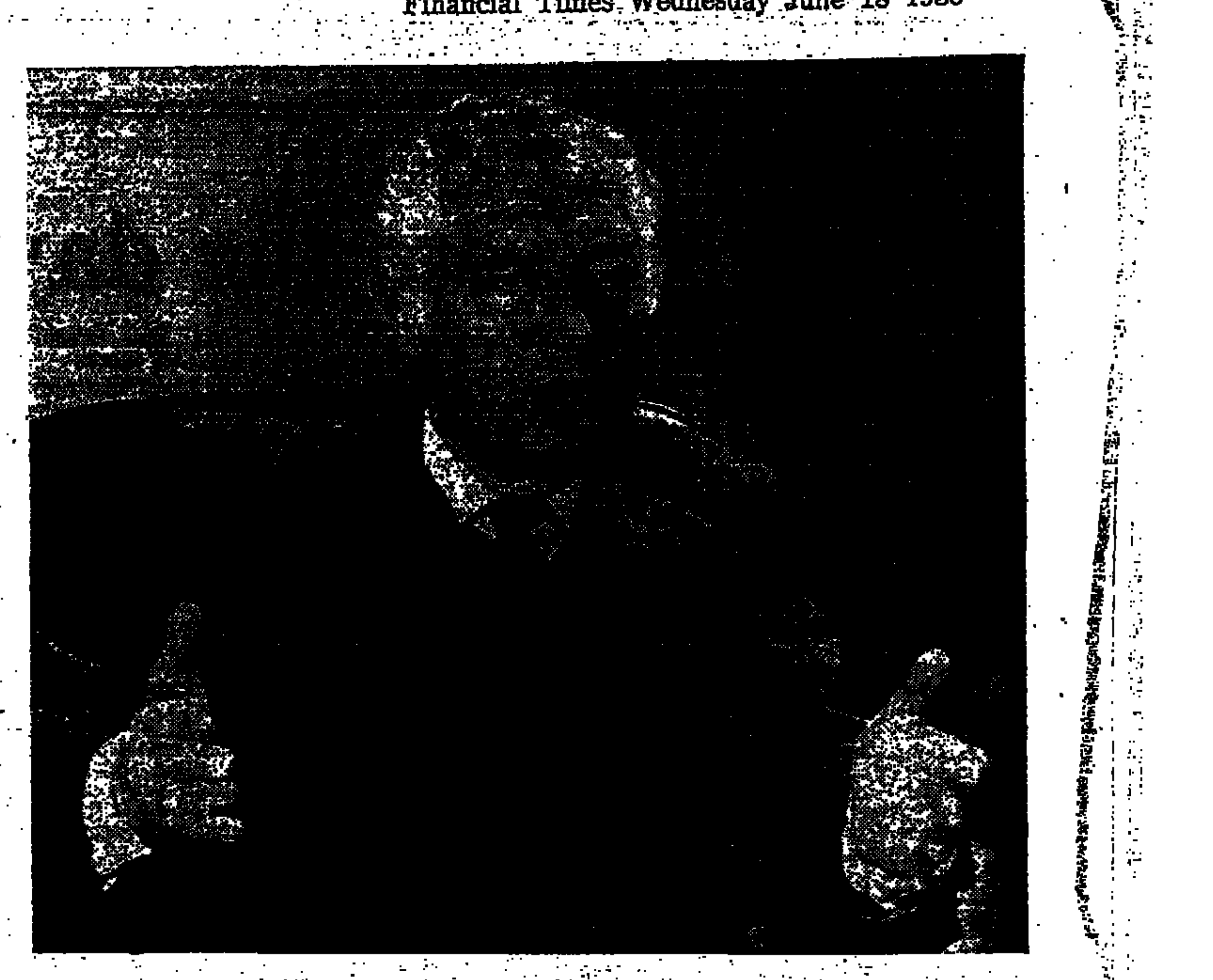
At the same time, Fiat is applying a more rigorous approach to its foreign operations. This is the case with its long standing association with SEAT, Spain's largest car manufacturer. At the end of last month, Fiat announced it would not take part in SEAT's capital increase operation. It thus reduced its stake in the Spannish group from 41 per cent to 28 per cent. Although it is unlikely Fiat will make a total withdrawal from Spain. The move clearly reflects Fiat's concern at having to shoulder SEAT's current huge losses and

Productivity of West German car workers is 37 per cent higher than at Fiat

manufacturing difficulties.

The Agnellis also appear to be considering gunboat diplomacy in a counter-offensive against Japanese car producers.

Fiat sees itself more threatened than most by Japanese competition. In Italy, it has sought to block a proposed deal between the Italian state car group Alfa Romeo and Nissan of Japan to build jointly a new medium sized car in southern Italy. For Fiat, the venture, now at the final stage of negotiations, would give the Japanese a bridgehead in Italy and western



Fiat's Sig Giovanni Agnelli: "I'm afraid we shall see some funerals in the car business. *Fiat in Italy today is far more vulnerable than powerful.*"

Europe as a whole. In most of its traditional European export markets, particularly in countries like Austria or Denmark without national motor industries of their own, the Japanese have been making inroads largely at the expense of Fiat. "We are competing in the same category of small to medium cars in these countries and their prices are undercutting ours to a degree we simply cannot compete with," Sig. Ghidella emphasised.

For Fiat the immediate problems, according to Sig Umberto Agnelli, are the need to reduce costs and improve productivity. The company has also been undermined by what it regards as an overvalued lira preventing it from competing properly in export markets. The gulf between inflation in Italy, new running at an annual rate of more than 20 per cent, and that of Fiat's principal foreign markets and rivals has so far not been made up either by a rise in productivity at home or by a devaluation of the Italian currency.

The underying reasons for this general reappraisal of management policies is seemingly Fiat's anxiety not to repeat the errors it made at the time of the last crisis in the world car industry seven years ago. On the eve of the slump, the situation for Fiat then was much as it is today. The company's financial position was solid then as now and Fiat was in the middle of renewing its car range as it is at present doing.

"The '73-'74 crisis hit Fiat in the middle of a major company expansion programme and sent the group into a deep coma," Sig. Ghidella explained. The shock was such that instead of pressing ahead with its programmes, Fiat for two years practically stopped investing in the car sector. Stocks were left to grow to an absurd level, while on the labour front Fiat was reluctant to enforce the necessary widespread layoffs to prevent stocks getting out of hand.

This was followed by a financial crisis as the company's short-term debts rose from practically nothing to more than L500bn. By the time the market recovered, Fiat found itself in a particularly weak position compared to some of its European competitors like Volkswagen or Renault, which were coming out with new models.

Fiat gradually resolved its financial problems largely by consolidating its short-term debt into the medium term and through the spectacular operation with the Libyan Arab Foreign Bank which injected some $450m of fresh funds into the group. Sales recovered slowly in Italy and abroad, although the company's efforts to win industrial peace and improve productivity by collaborating with the unions failed.

In the face of the current crisis, Fiat's broad policy was summed up by Sig. Umberto Agnelli as "rationalising and reducing the company's range of cars, producing bigger volumes and entering into joint ventures with other European manufacturers in the components sector to achieve necessary economies of scale." The plan this time is to go ahead with the group's L4,000bn five-year car investment programme which will see Fiat coming out on the market by the mid-1980s with four basic medium to small-sized models produced in greater volumes than today.

"Barring the unforeceable, by that time the car industry should be coming out of its bad cylce and we should be in a good position to compete strongly, especially since the general trend in the market is moving back to the small and medium car which is our basic product," Sig. Ghidella said.

Although basic wages in Italy are about 20 per cent lower than in France and West Germany, productivity of West German car workers is 37 per cent higher than at Fiat while at Renault and Peugeot of France it is between 20 and 40 per cent higher. Morever, Fiat lost production of 200,000 cars last year as a result of chronic labour unrest at a time of strong demand, particularly in in Italy.

However, Fiat expects demand in Italy to drop sharply by the autumn or at the latest by the end of the year as the Italian market has traditionally followed world trends some six months later.

"In many respects, Fiat is like an elephant permanently attacked by hyenas and other wild animals," Sig Ghidella

Fiat is like an elephant permanently attacked by hyenas

remarked. Indeed, like an elephant, Fiat has reacted sluggishly in the past to changing circumstances. It has also faced, as a consequence of its over-riding economic power in Italy, constant attacks from the unions and the political parties and now from the Japanese.

Fiat is lobbying the Rome Government which is working on a long awaited recovery programme for the Italian car industry. It hopes for additional state support to reduce the burden of the social welfare costs it has to pay for its 300,000 employees, for support in research and development and ultimately for effective back up in improving labour mobility and productivity at its plants.

"In the past," says Sig. Giovanni Agnelli, it was the conventional wisdom in Italy to think that Fiat could take any number of knocks ond come out unscathed. But I think this feeling is changing."

There are already signs that trade union attitudes towards Fiat are beginning to change. Judging from the Italian newspapers, where no day goes without a dramatic reference to the "Crisi della Fiat," concern is widespread. All this could make Sig. Agnelli's "gamble" for the 1980s a very calculated one in the best tradition of the renaissance prince he is so often depicted as in Italy.

MEN AND MATTERS

Texan on the backers' trail

After spending most of his life as a company man, five years ago John R. Blocker almost by accident found hihself overtaken by circumstances which transformed his vague musings over retirement into dreams of oil tycoonery.

Formerly top man in Dresser Industries' worldwide oil and minerals operations, the 57-year-old Texan resigned in 1977 to start his own company and now runs the publicly-quoted Blocker Energy Corporation with 42 per cent of its $100m paper value in his own name.

"I made a side investment in a drilling operation close by my ranch near Laredo. And dang me if they didn't find gas in it," he told me yesterday. "It was like being born again." The income gave him the funds to use his expertise on his own behalf, and he promptly left Dresser to establish a modest contract drilling firm which has since blossomed into his present corporation.

"When I started I had $3m or $10m of my own," he says with the carelessness about fine detail one expects from a Texan. "Then when I had signed $44m worth of notes, I decided that would be a good time to go public."

Although no dividends can be expected for some time, growth has been rapid. Total sales last year were $45m, and he predicts $75m this year followed by $125m in 1981. With all these figures in his baggage, and most of his board in his train, he is touring Europe hoping to raise $35m in new backing for his drilling and oil exploration projects, principally in the U.S. and Latin America.

Having spent much of his life in South America, Blocker sees enormous potential. At the same time, however, he appreciates that nothing is likely to be found to compare with the oil gushers of the Middle East. Still, with oil prices climbing steadily: "Even 10 barrels a day

"All change!"

at $40 a barrel can be good business."

Despite these modest expectations, it is surprising that no one has yet given him the inevitable nick-name "J.R." "They call me Hoss," he said. "After Dan Blocker, the big guy in Bonanza."

Goose steps

There is meaty business afoot in Strasbourg this week. Not, of course, in the European Parliament (which was yesterday bogged down in bird conservation and the feminine condition) but in the meetings attended by a Chinese delegation led by Chou En Lai's widow, Madame Deng.

She has been mulling over industrial co-operation with Commission President Roy Jenkins. But the Strasbourgeoisie have, for them, a far more important topic.

French geese and their rearers are having trouble supplying the growing demand for foie gras, so the farmers of Alsace want a deal under which China will force-feed the unfortunate birds and then ship the engorged livers back to France. The Chinese, appetites whetted by the prospect of additional supplies of webbed feet for their tables, are still digesting the proposition.

Pricey advice

Amid the cluster of forecasters spawned during the turbulent years of floating exchange rates, Charles Ramond, head of the New York-based Predex Group, is distinguishable by a certain self-deprecating charm lacking in some of his slicker rivals.

In an "industry" where some companies provide results no better than could be obtained by tossing a coin, Ramond is not slow to broadcast that his track record is generally good, pointing to a survey carried out last year by the magazine Euromoney which gave him top marks for accuracy out of a list of 14 banks and agencies.

But at the same time he is refreshingly frank about the pitfalls of currency clairvoyance. In London yesterday, the 49-year-old former clinical psychologist told a group of potential clients that his predictions for the Canadian dollar had been "improbabl ybad"—and cheerfully related the story of a customer who had made money by consistently acting against the forecasts.

The unabashed Ramond, however, is still confident enough to be putting up basic advice prices by 50 per cent—to $12,000 a year.

Wagner walks

"For the past two years," John Wagner tells me, "I've been working 150 per cent on BMW and 50 per cent on Hasselblad. It is simply not possible to concentrate on both." So on October 1 he will leave the driving seat of BMW (GB) and focus all his attention on the Swedish camera - importing business he took over on his father's death in 1975.

The parting with BMW is wholly amicable and was foreseen when Wagner, now 47, was approached by the West German car maker in 1978 to oversee its takeover of UK imports and distribution from Tozer, Kemsley and Milbourn. The change was completed on January 2, and Wagner's other big headache—establishing a new HQ—disappeared with the move into BMW's Bracknell home shortly afterwards.

Now the operation is ticking over nicely, Wagner is to hand over the managing dictatorship to Dr. Walter Hasselkus, 38-year-old head of BMW's retail operation in Berlin.

The car company's choice of a camera importer to undertake its complex, two-year re-vamp is not as bizarre as it sounds. Wagner learned the car business with Volvo in the late sixties and was MD of the VW/Audi operation in Britain from 1972 to 1975.

"BMW knew I was going to return to Hasselblad," says Wagner. "The idea was always that at some point after BMW was up and running I would hand over."

Why not a Briton to succeed Wagner? In West Germany the view is that native UK expertise in quality cars is a little thin on the ground. But more to the point is the company's plan to start building cars abroad and its need for officer material with foreign campaign experience. Given the car-mart war games being played here with such vigour, Hasselkus should get plenty of that.

Cinema verite

I could not wish for a neater, nor more topical example of life imitating art than the appeal scheduled for the *London divorce court yesterday*—in the case of Kramer versus Kramer.

Observer

LABOUR AND THE PRESIDENTIAL RACE IN THE NUM

BY CHRISTIAN TYLER, LABOUR EDITOR

Scargill's 'By the Left, quick march'

MR. ARTHUR SCARGILL has opened his campaign to capture the presidency of the National Union of Mineworkers for the left-wing of British trade unionism with all the hoop-la and ritual of a United States Presidential election.

The fact that the contest has not even been officially declared matters not to Mr. Scargill and his backers. The prize is great, and the vote-winning machine of the Left needs oiling well in advance. The "primaries" have been held and the "convention" of the Left has endorsed his candidature.

Mr. Scargill's message seems incomprehensible to Surrey businessmen

The right-wing incumbent, Mr. Joe Gormley, is not amused by this premature bid for his job. He has two years to run and has stopped hinting that he might go early. "There's no bloody vacancy," he said last week.

Mr. Gormley's supporters have yet to settle on their choice: they, too, need time to groom a candidate who can fend off the Marxist who is a household name. But there is no doubt they will fight hard to stop him.

If Mr. Scargill wins the election, which can be deferred no longer than 18 months, he will not just become the first left-winger to lead the national union since its formation in 1945. He will be a potent symbol for the Left, who both inside and outside the National Union of Mineworkers have suffered a more than usual number of tactical reverses in recent years.

Mr. Scargill himself is only too conscious, for example, of what happened in the engineering union, where the unknown Mr. Terry Duffy, thrown up by the right-wing machine and backed by the Press, defeated the experienced and able left-winger Mr. Bob Wright for the presidency of that union. Since then, the Right has taken every seat on the AUEW national executive committee. The consequences of that shift of power are even now being felt in the constitutional battle for ideological supremacy inside the Labour Party.

It is no surprise then that veterans of the Left like Mr. Michael McGahey, president of the Scottish miners and former chairman of the Communist Party of Great Britain, should see in Mr. Scargill their best hope for years of reviving—at a crucial moment in British politics—the march towards Socialism.

It was no accident that the star speakers at the Scottish miners' gala in Edinburgh 10 days ago should be Mr. Scargill, representing the industrial, and Mr. Anthony Wedgwood Benn, representing the political constituencies of the Left. And while the Scottish miners were rising to their feet for Scargill and Benn (reputedly the first standing ovation at an Edinburgh gala day since Paul Robeson's appearance in the 1950s) the Nottinghamshire miners were doing the same for Mr. Gormley and Mr. James Callaghan.

Mr. Scargill's campaign had begun before his visit to the Scottish coalfield last week: but with nothing like the publicity he enjoyed under Mr. McGahey's tutelage. He has ben backed by leaders of the South Wales miners (traditional allies of the Scots) by North Derbyshire and Kent. He has been canvassing in Nottinghamshire across the border from his South Yorkshire kingdom, where there is a handful of left-wing pits, and is bidding hard for a large slice of the more unpredictable Durham area. But it was in Scotland last week that the candidate was made most visible, and the manifesto launched. Mr. McGahey's age—55—has ruled him out of the contest, so here was the king-maker at local meetings and at the annual conference of the Scottish NUM challenging his men to bring out for Arthur Scargill the kind of vote that he himself would have counted on had he been the candidate.

Mr. Scargill's message, a fusion of trade union interests like wages, safety, health, job security with a wider political message including the so-called alternative economic strategy, is familiar enough to men like the Scottish miners even if it seems incomprehensible and irrational to Surrey businessmen. Scotland is not England and—as Scottish trade unionists like to remind the visitor from London—the Labour Party won "the general election north of the Border." By the same token, his message may be enough to help Mr. Scargill into the presidency of the NUM—the odds must be in his favour—but it does not mean that he will easily win the votes at the annual Trades Union Congress in September necessary to gain his place on the TUC general council.

Something more serious than a union election is at stake

On the general council, Mr. Scargill would join an increasingly confident minority of left-wingers who believe the vacuum left by Jack Jones and Hugh Scanlon has not been entirely filled by the moderates, old or new.

As president of the miners, Mr. Scargill would undoubtedly have considerable psychological impact on the wider trade union movement, even though the NUM can only muster 240,000 votes at Congress these days, compared with the 1.2m of the AUEW.

Nevertheless, there can be no doubting the conviction of the Communist or left-wing Labour leaders of the Scottish miners, that something more serious than a union election is at stake. "The crisis of capitalism" is probably the most overworked phrase in the Communist's vocabulary—it can be heard several times a day at almost any trade union conference—but the political activists in Scotland seem sure that Mrs. Thatcher and her Government are stoking up a crisis from which only the Left, including the shrinking Communist Party, can benefit. Mr. McGahey himself says Britain is facing "the biggest crunch in my lifetime."

It would be wrong to assume that the 21,000 Scottish miners are a solid Communist battalion. As everywhere else, there are trade union members with little or no interest in "politics," or even in union affairs. Some are critical of the time spent by their leaders on "politics," and disappointed by the union negotiators' performance on wages and fringe benefits. On the other hand the battles of the 1920s among the Scottish miners have long since been won by the Left, whose writ appears to run right through the coalfield. As one unsuccessful young contender for the important job of a pit delegate admitted, Party membership—or at least Communist Party support—is probably a prerequisite for a career in the Scottish union. This same man was in no doubt whom he would be supporting in the national presidential race—he had been lifted to his feet by the oratory of Arthur Scargill.

Mr. Scargill, beginning his campaign early despite Mr. Joe Gormley's warning, "There's no bloody vacancy."

There are industrial as well as political reasons for this kind of support. Scottish miners, with the exception of those at one or two pits, have done far less well out of the Coal Board's bonus scheme than their English counterparts. Difficult geological conditions have counted heavily against them. In some pits—even the most modern like Monktonhall near Dalkeith, or Killock, in Ayrshire — faceworkers are earning £10 a week or less in bonus, compared with the £50, £60 or £70 a week in areas like Nottinghamshire.

One recent payslip for a top-rated underground worker shows a basic of £101.95 for five shifts, £1.25 night allowance, £2.35 bathing time (a new allowance) and £9.31 bonus—total of £114.86. An oil tanker driver can pick up £130 or £140 a week without much difficulty.

Job security is another constant worry even in an area where no pits are publicly nominated for closure, and manpower—according to the Coal Board—has remained fairly constant in recent years. The Scottish area generally is investing £73m on a rolling programme plus another £60m to open up the coal reserves that lie under the Firth of Forth.

That is small comfort, however, for miners producing coking coal in the face of cheap foreign supplies. It does not cheer men working the small pits like Sorn, in Ayrshire, who struggle with pick and shovel to turn in a profit. The miners of Sorn — only 370 of them — and the pit manager are asking the Board for investment of £1.5m so that they can get down another 240 ft to a bigger and better seam, and keep the pit alive.

These are the sort of men to whom Mr. Scargill will be addressing himself throughout the British coalfields during the next 18 months; and if his programme differs little from the present policies of the union, it is the determination with which he puts it over that wins the applause. Mr. Gormley and Mr. Scargill have the same general policy on pit closures—there should be none unless reserves are exhausted. But Mr. Scargill goes further. If one pit shuts in Wales, he declares, and if the Welsh miners call on Yorkshire for support, then 65,000 Yorkshire miners will stop work.

Mr. Callaghan will be watching this contest closely

On the other side of the political divide in the NUM, they say: "You can't run the national union as you run Yorkshire. Arthur will mellow if he gets the job." But Arthur declared last week, under the watchful gaze of Michael McGahey, that he would not change. "If the price of winning the job is to compromise my views, then I don't want it," he said.

But Mr. Scargill does want the job, and his getting it would be interpreted, certainly on the Left, as evidence not only that the miners want a different sort of union, but that workers want a socialist Labour Government in 1984. Mr. Callaghan will be watching this presidential contest as closely as Mrs. Thatcher.

Letters to the Editor

EEC transport policy

From Mr. Amédée Turner QC, MEP

Sir,—I was alarmed to see (June 13) that a select committee of the House of Commons on transport has come out against Commissioner Richarde Burke's proposals for a transport policy for the EEC. You say that the committee feels that the proposals are vague, unclear and well nigh impossible to understand.

I have had a great deal to do with these and as far as I can see they are completely plain. He is proposing that any transport bottlenecks in the EEC should receive EEC financing in proposals for their amelioration. A typical case is the haven ports of Ipswich, Felixstowe and Harwich and the roads leading from them to the Midlands, notably the A1-M1 link, which Mr. Burke has recently visited and considered to be an ideal example of the sort of projects to which the EEC could and should give financial assistance. Such proposals could do nothing but good for Britain and help redress the balance of the budget. If they were put into effect now they could indeed provide the prime means by which the British budgetary imbalance could be set right.

I know for a fact that all the local government authorities and the port authorities in East Anglia have welcomed with open arms the possibilities of Mr. Burke's initiative. Indeed representatives of all of these were present at a colloquium which he organised in Brussels earlier this month when they put their case to a large gathering of transport experts from all over the EEC. One can only deduce therefore that the members of the select committee were out of touch with the views of their electors. Nevertheless all the Members of Parliament to whom I have spoken about these proposals have shown considerable interest and enthusiasm for them.

You mention that the committee is surprised that non-EEC projects are included. The reason for this is because some transport problems in the EEC are caused by the intervention of countries, such as Austria, between Germany and Italy and it seems only reasonable that such problems should be within the purview of the schemes he is proposing.

Amédée Turner.
The Barn,
Westleton,
Saxmundham,
Suffolk.

Support for Mr Rowland

From the Chairman, Investment Sub-Committee, Royal Borough of Kensington and Chelsea

Sir,—My fund holds both Lonrho and House of Fraser. I have been lobbied (indirectly) by a Mr. Michael Richardson, who, I am told, is a partner in Messrs. Cazenove, acting as brokers to the Fraser interests. We are supporting Lonrho.

Neither I nor my committee are going to be hectored or lectured by the leading establishment broker. We supported Lonrho in its bid for SUITS, and as a result made a large capital profit, and indeed we are running a large profit on our Lonrho holding, apart from benefiting from the ever-increasing income.

Sir Hugh Fraser is a charming and intelligent man, but he is not in the same league as Mr. Rowland in entrepreneurial skill and drive. I do not share in the extraordinary vendetta which the City establishment still conducts against Mr. Rowland. His business dealings, which have added vastly to this country's wealth, both directly and on invisible account, have been fully and finally cleared by the Board of Trade after an exhaustive inquiry. I believe that Mr. Rowland should and will acquire Fraser in the end, and that this will provide a further financial base from which Mr. Rowland will create yet more wealth for the whole community over the next few years. I do not believe on the other hand that Sir Hugh Fraser has either the ability or the resource to match Lonrho, whose profits are exploding upwards, in making us all richer. Unlike, apparently, the Richardsons and Cazenoves of this world, this is, I believe, what private enterprise is all about.

Mr. Rowland has our vote because he deserves to have it, both on past performance and future prospects.

(Sir) Malby S. Crofton.
Town Hall,
Kensington, W8.

VAT levy on snacks

From Mr. R. P. Pearson

Sir,—I was concerned to see the statement in Gareth Griffiths' article on June 11 that "Foods such as crisps carry zero VAT rating," and write to set the record straight.

Potato crisps, shaped snacks and processed nuts are all subject to VAT at the standard rate, along with a number of other food products.

The FMF has consistently lobbied on behalf of snack food manufacturers against the application of VAT to snack food products on the grounds that it is illogical and discriminatory. Snack food competes directly against untaxed foods for a share of the housewife's purse.

R. P. Pearson,
Assistant Director,
Product Division,
Food Manufacturers'
Federation.
6, Catherine Street, W1.

Exchange markets

From Kate Phylaktis and Mr. G. Wood

Sir,—The Bank for International Settlements' advocacy (June 10) of greater intervention in the foreign exchange markets by central banks cannot pass without comment. The BIS recognises that countries with above average inflation rates cannot avoid depreciation of their currencies over the longer run. In the long-run the exchange rate is determined by inflation rate differentials. In the short-run, however, the exchange rate is determined in asset markets also—by investors' expectations concerning the future exchange rate.

The BIS is suggesting that countries should intervene to stabilise rates of their long-run equilibrium value. Has the Bretton Woods era not taught use a lesson? The BIS is asking us to have greater faith in the judgment of Governments than in the judgments of other market participants about whether a given exchange rate will be the ultimate equilibrium one. What pool of wisdom is drawn on by central banks which is not available to other people? Can they justify the belief that they have better foresight than anyone else? Their track record of intervention in defence of manifestly disequilibrium rates certainly cannot support such a claim.

The best thing that central banks can do for exchange markets is to stop confusing them by intervention and by erratic domestic monetary policies. Any other policies will simply exacerbate fluctuations.

Kate Phylaktis,
Geoffrey E. Wood.
Centre for Banking and International Finance.
The City University.
Northampton Square, EC1.

Inaccurate tax assessments

From the General Secretary, Inland Revenue Staff Federation

Sir,—Mr. Penwill (June 11), like so many accountants and, indeed, past senior officials of Inland Revenue, who should certainly have known better, jumps automatically to the conclusion that the only serious work in the Revenue relates to business accounts and to Schedule D assessments.

It is this elitist approach which is proving, in my opinion, to have been a significant contribution to at least some of our present troubles.

In fact, none of the figures given by Sir Lawrence Airey related to Schedule D at all—they referred to PAYE and Schedule E assessments. PAYE now provides 11 times the tax of Schedule D but it has only recently commanded the attention which it deserves.

It would be fascinating to have Mr. Penwill's explanation for the relatively low Schedule D yield.

Tony Christopher,
Inland Revenue Staff
Federation.
7, St. George's Square, SW1.

Local authority manpower

From the Secretary, Association of County Councils

Sir,—I was interested to read (June 16) Robin Pauley's interpretation of the latest local government manpower figures. While it is true that there has been a reduction of the numbers of local authority staff of 0.8 per cent between March, 1979, and March, 1980, it is not true that three-quarters of county councils have not made reductions. When the figures are published it will be seen that of the 47 shire counties, 31 have made reductions in their full-time staff. The shire counties will be shown to have made a reduction of 1.5 per cent in the numbers employed—a total reduction of 17,523 staff over the year.

Neither is it true that teachers' numbers are not decreasing significantly. The figures show that in education there has been over the past year a total reduction in the number of teachers employed of over 5,000, and that the number of non-teaching staff in education has been reduced by no less than 13,475.

Given the sort of figures given above, I am sure Mr. Heseltine will feel that his first year in office will not have been unproductive.

John Stevenson.
Association of County Councils,
Eaton House.
66a, Eaton Square, SW1.

The NEB stake in Ferranti

From the General Manager and Deputy General Manager, Marconi Space and Defence Systems.

Sir,—The Scottish Office encouragement to local financial institutions to purchase the National Enterprise Board 50 per cent stake in Ferranti has been given much coverage recently, for what appears to us to be the wrong reasons.

It has been implied that rationalisation with the loss of jobs in Scotland would take place only because Ferranti was taken over by another electronics company. If rationalisation is required as a result of too many people chasing too few contracts, then this will happen whether the 50 per cent NEB holding in Ferranti is purchased by individuals, Scottish financial institutions or large UK electrical groups. If, under these circumstances, rationalisation did not take place, the new investors might well be forced to turn to the Government for further subsidies. It has also been implied that the employment record of large UK electrical groups in Scotland has not helped the Scottish economy. In fact, the GEC-Marconi Electronics Group has been so successful in providing employment in Scotland, and particularly in Fife, that we feel we have earned the right to expect a more positive attiutde from the Scottish Office and from the community as a whole.

Marconi Space and Defence Systems established a plant in Hillend, Fife, in 1967 with 47 people and we now employ some 2,400. Our operation has now become the largest private employer in the region, with a major commitment to research and development in Scotland. The research and development operation in Fife is some 800 strong, of whom approximately 350 are professionally qualified scientists, mathematicians and electronics engineers. Our ability to grow further, and hence provide even more employment in the area, is governed by our ability to recruit more professional engineers. We are currently actively seeking a further 50-100 people with professional skills.

We are also conscious of our social responsibilities to Scotland. Our policies of employing mentally handicapped youngsters and our local involvement with schools and colleges amply demonstrate this. Our activities, in conjunction with the Manpower Services Commission, in expanding the job opportunities for young people were justifiably welcomed recently by Mr. Alex Fletcher, MP, Minister for Industry and Education at the Scottish Office during his visit to our unit.

The recently expressed doubts about large UK electrical groups in Scotland, by the Scottish Office and certain Scottish MPs in the light of our success in Scotland, is a matter of deep concern to us and we trust that this letter will help redress the balance.

T. M. James,
D. S. Gruneberg,
Marconi Space and Defence Systems,
Hillend Industrial Estate,
Hillend, Nr. Dunfermline, Fife.

Today's Events

GENERAL

UK: Mr. William Whitelaw, Home Secretary, is principal guest at Westminister Chamber of Commerce luncheon, Europa Hotel, London.

Financial Times two-day European Offshore in the 1980s conference opens at Grosvenor House, Park Lane, London: speakers include Mr. David Howell, Secretary for Energy, and Mr. Harld Norvik, Deputy Minister for Petroleum and Energy, Norway.

Overseas: Mr. Francisco Sa Carneiro, Portuguese Prime Minister, begins two-day visit to Belgium.

Mr. Reza Salimi, Iran's Economy and Finance Minister, continues visit to Moscow for talks on price of Iranian gas piped to the Soviet Caucusus.

European Parliament in session, Strasbourg.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Ferranti. Opposed private business will be taken at 7pm. Afterwards, consideration of Lords Amendments to the Industry Bill.

House of Lords: Debate on the principle of comparability in wage settlements. Coroners Bill, second reading. Licensing (Amendment) (No. 2) Bill, report stage. Debate on the future of the Development Commission.

Select Committees: Foreign **Affairs.** Subject: effects of British foreign policy on Soviet expansion in Afghanistan. Witness: Lord Home of the Hirsel (Room 15, 10.30 am). **Energy.** Subject: Government's statement on the nuclear power programme. Witnesses: Mr. Anthony Wedgwood Benn, Friends of the Earth (Room 8, 10.45 am). **Industry and Trade.** Subject: import and export trade. Witnesses: National Enterprise Board, Dunlop (Room 16, 10.45 am). **Public Accounts.** Subject (1): disposal of Effra site, Vauxhall; (2): installation facilities. Witnesses: (1) Property Services Agy. (2): Scottish Development Department (Room 16, 4 pm). **Transport.** Subject: Channel link. Witnesses: Eurobridge Project (Room 17, 4.15 pm). **Treasury and Civil Service Department.** Witness: Sir Robert Armstrong.

OFFICIAL STATISTICS

Indices of average earnings (April) and basic rates of wages (May).

COMPANY MEETINGS

See Page 22.

Peter Brotherhood ends with £0.88m loss and pays 1p

SUBSTANTIALLY REDUCED losses in the second half left Peter Brotherhood, machinery and power plant manufacturer, with a pre-tax deficit of £885,000 for the year to March 31, 1980, compared with profits of £12,000 previously. Midway, the group turned in £763,000 losses, against £133,000 profits.

The directors are recommending a final of 1p net, having omitted the interim—last year's total was 6.4488p, with a final of 4.6063p. They say the results do not support a higher payment but would hope a continuation of the recovery now under way will enable increased dividends to be paid for 1980-81.

On the current period, they say the order book is running at an encouraging level above last year. In addition, there are a number of substantial contracts being negotiated.

Increased throughput and improved productivity in the second half resulted in a trading profit of £268,000 for that period, before charging £133,000 redundancy costs, compared with a loss of £8,000 in the first six months, before exceptional and non-recurring items.

Interest charges rose from £275,000 to £482,000 for the year.

A tax credit of £1.05m (£53,000) enabled the group to report net profits up from £65,000 to £167,000.

The reduction in overheads of £500,000 a year forecast in the interim statement has been achieved, the directors say, and borrowing reduced to £1.6m (£2.9m) at March 31.

● comment

The chairman that Peter Brotherhood hopes to appoint within the next few weeks will find the group several important strides along the recovery path. Cashn taken out of previously onerous inventories has cut overdrafts by £1.3m and the re-constituted board is making strenuous efforts to improve the stock-turn further. An injection of more muscle into the marketing effort has raised order levels and the strength of the marine turbine market since about the turn of the calendar year is more than enough to counter weakness in petrochemical activity. The overriding impression is that Brotherhood did not need savage pruning so much as a determined tightening up all round, gearing was never particularly alarming and the balance sheet looks reasonably comfortable with shareholderss funds of £5.8m. The market took the first tangible signs of an upturn in good heart yesterday with a 5p rise to 71p. Certainly, payment of a nominal dividend was rather more than anticipated at this stage but the first real test will be the interim distribution his year. It may be worth noting that a destoration of the 1978-79 payment would yield almost 13 per cent which is not so far out of with companies whose dividend-paying capacity has never been seriously questioned.

Bradford Property improves

PROFITS before tax of Bradford Property Trust, property dealing and investment group, climbed from £4.67m to £5.43m for the year ended April 5, 1980, with £2.45m, against £2.4m, coming in the first six months.

Surplus from property rentals increased from £1.53m to £1.8m. Dealing companies profits from property sales rose from £2.5m to £3.39m, but investment companies profits were lower at £99,223 (£129,372).

Other income fell by £336,570 to £172,870 and associates' contributions showed a turnround from profits of £11,636 to losses of £33,148. Tax charge was £2.68m (£2.4m).

A net final dividend of 1.65p effectively increases the total payment from 3.1663p to 3.25p per 25p share.

GEI reaches £6.8m but expects tougher trading

INCLUDING a seven-month contribution of £1.05m from Sanderson Kayser, pre-tax profits of GEI International, the engineering concern, rose from £6.16m to a record £6.82m in the year ended March 31, 1980. Turnover was up from £51.34m to £64.95m.

Mr. Tom Kenny, chairman, says however, that the group faces a difficult time over the current trading period. "The outlook is not good," he warns and for the interim period, "I doubt if we will see profit growth in terms of earnings per share."

Pre-tax earnings per share in 1979-80 are stated as 22.9p (23.6p) basic and 19.4p (22p) fully diluted. A final dividend of 3.555p lifts the total from 4.628p to 5.315p.

The increased profits were achieved in spite of the effects of the steel and engineering strikes which cost about £750,000 in lost profit. The chairman points out that is is not practical to measure the effects in precise terms, but says this figure would not be seriously adrift.

The Sanderson Kayser contribution was influenced by special gains of £226,000 which may not recur, the chairman adds.

Most of the subsidiaries improved profits but Purdy, part of the packaging division, incurred a £225,000 loss. This offshoot was expected to be back to profit this year.

Despite all the problems, the chairman expects the group to do better than most. Group capital expenditure will at least match the £2.5m spent last year and will once again be spread throughout all operations.

At March 31, 1980, the group had net cash and Government securities of £7.7m. Net current assets increased by 42 per cent to £21m while net tangible assets amounted to 95.8p per share (80p).

● comment

In the world of UK engineering companies it is no mean feat to retain a cash balance of nearly £8m (including £1.2m of gilts) and an average pre-tax growth rate of 25 per cent since 1975. These are the two attributes which make GEI an unusually strong group. Stripping out the first time seven-month contribution from Sanderson Kayser, however, profits actually dropped by 6.3 per cent. But GEI was hit by the steel and engineering strikes and earnings at Midlands Steel Products fell from £3.1m to £2.5m. In the packaging business, the Purdy loss should be corrected this year. The current year will not be easy and an unimpressive interim showing seems to be on the cards. At 79p, the yield stands at 10 per cent and the p/e on fully taxed and diluted earnings is 8.

HIGHLIGHTS

Lex discusses the large vendor placing in **Pilkington** shares following the float-glass manufacturer's acquisition of European capacity. The column also looks at the depressing level of unit trust sales, the effect on North Sea gas producers of modifying the state monopoly and the new accounting standard relating to post-balance sheet events. Elsewhere, the quotation of **Polly Peck** has been suspended pending the announcement of the group's expansion plans. **Hazelwood** is proposing to launch a rights issue later this week when the share price reaction to the latest figures has been properly assessed. **Robertson Foods** pushed profits ahead by a quarter last year and is now in negotiations to sell its Quantock division to a Swiss company. The reshaped Board of **Peter Brotherhood** has achieved the first signs of a recovery and expects to appoint a non-executive chairman in the near future.

Country & New Town at £2.2m

INCLUDING a surplus on the realisation of assets amounting to £1.73m against £0.32m, pre-tax profits of Country and New Town Properties jumped from £783,443 to £2.2m in the year ended January 31, 1980.

Earnings, after tax of £586,464 (£245,293) are shown up from 1.25p to 2.82p and the net dividend is increased by 0.1p to 0.75p with a final of 0.55p.

Extraordinary debits of £667,638 (£222,061), transfers from capital reserves of £607,903 (£222,061), and minorities profits of £657,624 (£212,069) leave the net surplus at £893,811 (£326,081) of which dividends absorb £328,225 (£201,762).

Property & Reversionary Inv. profit jumps 49% to £1.9m

PROFITS before tax of the Property and Reversionary Investment Corporation rose by 49 per cent from £1.26m to £1.88m in the year ended March 31, 1980. Net income from rents is up 21 per cent and is expected to rise by about 10 per cent in the current year.

Stated earnings per share are up from 3.2p to 4.5p and a final dividend of 1.55p effectively lifts the total from 2.04p to 2.55p.

Mr. A. Rubens, chairman, says the investment of the proceeds from the sale of shares in Property Holding and Investment Trust, amounting to £3.144m has produced an abnormal increase in the year's profit, even excluding a substantial amount of interest which falls due after March 31, 1980.

The profit on the share sale has been transferred to capital Extraordinary credits of £3.15m £(10,000 debit) mainly comprising £3.16m profit on disposal of quoted investments have been transferred to capital surplus.

The group's freehold and leasehold properties have been revalued as at March 31, 1980, by Savills in conjunction with H. I. and A. Rubens. The valuers have placed a figure of £40.41m on the properties, an increase of 19 per cent over the previous year.

Excluding property acquired during the year, the increase is 17 per cent. Of the properties in value, 80 per cent are freehold and a further 15 per cent are leaseholds over 100 years.

General Accident is interested in 24.41 per cent of the company's share capital and Mr. Charles Rubens, 7.46 per cent.

There is an agreement between the holding company and H. L and A. Rubens, chartered surveyor to employ them as managers and sole agents for 10 years from January 1, 1979.

The partners in H. L and A. Rubens are Mr. Alfred Rubens and Mr. Kenneth David Rubens, directors of the holding company and of subsidiary companies and Mr. Michael Brilling who was recently appointed to the board of one subsidiary.

A register of directors' shareholdings, a statement of the directors' share transactions and a copy of the agreement with H. L and A. Rubens are available for inspection at the registered office of the company during business hours on any weekday until the day of the AGM when they will be available for inspection 15 minutes prior to the meeting and during the meeting.

Meeting, Albany House, Petty France, S.W., July 11, at noon. Only ordinary shareholders are entitled to attend this meeting and vote either in person or by proxy.

Midland Ind. set to expand

Shareholders in Midland Industries, engineers and repetition ironfounders, should not be too dissatisfied with the result of the group for the first six months of this year, the chairman, Mr. E. C. Marsland, told the AGM, yesterday.

The company is poised for further expansion and, in this context, has purchased a factory at Smethwick. However, high interest rates have forced board to delay further expansion at its Bingley foundry.

Interest rates on yearlings down further

The interest rate on this week's issue of local authority yearling bonds is a new low for the year, 14⅜ per cent, down ⅛ from the previous low point last week. Issued at par, they are redeemable on June 24, 1981.

The issues are: Borough of *Milton Keynes (£0.5m)*; South Hams DC (£0.5m); Calderdale Metropolitan BC (£0.25m); Chorley BC (£0.25m); Hambleton DC (£0.5m); Cumbernauld & Kilsyth DC (£0.25m); Borough of Lliw Valley (£0.15m).

Ynys Mon—Isle of Anglesey BC (£0.5m); East Lindsey DC (£0.5m); Torfaen BC (£0.25m); Fareham BC (£0.25m); Monklands DC (£0.5m); City of Dundee DC (£0.5m); Renfrew DC (£1m).

Metropolitan Borough of Sandwell (£1m); Congleton BC (£0.4m); Lothian RC (£1m); Sefton Metropolitan BC (£0.75m); Copeland BC (£0.5m); London Borough of Hammersmith and Fulham (£0.5m); Hart DC (£0.5m).

Strathclyde RC (£1m); Bedfordshire CC (£0.75m); Inverness DC (£0.5m); Newbury DC (£0.25); Oldham Metropolitan BC (£1m); Sunderland BC (£1m); Tamworth BC (£0.5m).

Westbrick moves ahead to £752,000

FOLLOWING THE first-half advance from £344,000 to £395,000, taxable profits of Westbrick Products reached £752,000 for the year ended March 31, 1980, compared with £597,000. Turnover of this maker of bricks, engineering, plastics and concrete products, increased from £12.87m to £16.12m.

The board expects the company to maintain its market position throughout the remainder of this year.

After-tax of £237,000 (£186,000) earnings per 25p share rose by 2.2p to 12.3p. A net final dividend of 2.25p lifts the total payment from 3p to 3.75p per share.

The board says there has been an improvement in the balance sheet, where shareholders' funds have increased by £0.9m. Borrowings have been reduced from £1.2m to £0.9m, assisted by a positive cash inflow from trading operations for the second consecutive year.

Term loans of £345,000 have been repaid and gearing has been reduced to 18.1 per cent of shareholders' funds, compared with 29.5 per cent last year and 39.7 per cent two years ago.

Sharp decline for Private Patients Plan

A 39 per cent rise in benefit payments, compared with only a 17 per cent increase in subscription income, results in pre-tax profits of Private Patient Plan being halved in 1979.

Subscription income approaching £28m was a record for PPP, the second largest medical insurance company in the UK. But benefits payments at nearly £21m was also a record and amounted to 75 per cent of subscriptions.

Pre-tax profits amounted to £4.6m, compared with £7.8m, and the excess of income over expenditure was £3.6m against £7.1m.

Mr. John Phillips, in his chairman's statement, pointed out that the company held its general level of subscription rates unchanged for three years, yet it was still able to return a substantial surplus. The company's general reserves now stand at over £19m, but rates will be increased this year.

PPP had a record rise in the number of people covered by medical insurance during 1979, with membership at the year-end reaching 267,294—an increase of over 47,000.

Mr. Phillips refers to the striking growth in company-paid schemes despite the tax assessment imposed on employees regardless of their earnings. He calls on the Government to remove completely private health insurance subscriptions from the scope of benefit-in-kind tax provisions.

BH (Nigeria) finishes £3.28m down

Pre-tax profits of Blackwood Hodge (Nigeria), an associate of the British-based earthmoving sales and service group, fell in 1979 from Naira 5.28m (£4.21m) to N1.17m (£0.99m). Turnover was down 39 per cent from N32.72m to N19.99m.

Taxation took N617,579 (N2.34m). A dividend of 3.1 kobo is proposed, and earnings per share are stated as 5.1k (27.2k).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Beechwood Constructn.	1.58	—	1.51	2.2	2.07
Westbrick Products	2.25	Aug. 8	1.75	3.75	3
Bradford Property	1.65	Aug. 7	1.9*	3.25	3.17*
P. Brotherhood	1.0	Oct. 1	4.61	1.0	6.45
Country & New Town	0.55	—	0.45	0.75	0.65
GEI Intl.	3.56	Aug. 8	3.03	5.32	4.63
Hazlewood Foods	4.35	—	2.35	6	4
Home Brewery ...int	2	June 30	0.7	—	5.5
Nthn. Goldsmiths	2.4	July 30	1.53	2.81‡	3.25
Prop. & Reversionary	1.55	July 12	1.38*	2.55	2.04*
Robertson Foods	4.93	July 25	4.92	6.33	6.3
Throgmorton Trust int.	2.25	Aug. 8	2.25	—	5.55

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes special interim of 0.434p.

Hazlewood Foods rises 37% and plans £1m rights

Hazlewood Foods, vegetable processor and sauce maker, has announced 1980 pre-tax profits 37 per cent ahead at £712,000 (£521,000), and plans a £1m rights issue at the end of this week.

New acquisitions Moor Rose and Samuel Moore made part-year contributions totalling £33,000. The Board anticipates profits growth in two to three years, from the companies which bring jams and onion processing to the group's operations.

Turnover for the year was 36 per cent ahead at £83m. The final dividend of 4.35p makes a total of 6p net per share, against 4p in the previous year. Fully-diluted earnings per share are stated as 15.7p (11.5p).

The Board says the group is benefiting from a now-completed five-year investment programme in plant automation. It expects the current year to see further consolidation of group business.

The rights issue is intended to finance the increased working capital requirements of the expanding group, whose indebtedness now totals £2.4m against shareholders' funds of £2.6m.

The terms of the rights issue will be announced at the end of this week, when the Board and underwriters, Laurence Prust, have seen market reaction to yesterday's results. The directors, who hold over 60 per cent of the share capital, will not be taking up their rights. A 7p net dividend for the year is forecast on the increased capital.

● comment

Hazlewood's motives for seeking rights money are admirably straightforward: It has reinvested five years of cashflow in more efficient plant and acquisitions with expansion potential, and now needs the working capital to match the widening trading base. The terms have not yet been settled, but with 4.2m shares in issue and £1m sought, a one-for-two at 50p should do the trick. If that proves the case, then with the share currently trading 7p up at 88p, the ex-rights yield on the forecast dividend would be a spanking 14 per cent. Hazlewood currently has about 15 per cent of the UK market for its products, with negligible exports, so there is some growth potential. With the shares trading on multiple of 5 on stated diluted earnings, and little tax liability in sight for the coming year, sentiment looks cautious. But the freer market afforded by the issue could stimulate interest.

Throgmorton Trust ahead at halfway

An increase of £103,020 to £1.65m in pre-tax revenue is reported by Throgmorton Trust for the half-year ended May 31, 1980.

Tax paid drops from £530,029 to £506,291.

The interim dividend, at 2.25p, remains unchanged on earnings per share up from 2.31p to 2.61p. The net asset value per share is 108.8p (104.9p).

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.300	1	4.70	3	9.50	—	—	F.293
ABN C	F.310	20	2	—	—	—	—	"
AKZ C	F.22.50	25	2.20	—	—	—	—	F.24.40
AKZ C	F.25	153	0.60	25	1.60	69	2.30	"
AKZ C	F.27.50	30	0.20	392	0.70	—	—	"
AKZ P	F.22.50	2	0.20	—	—	—	—	"
AKZ P	F.25	5	1	—	—	—	—	"
AKZ P	F.27.50	1	3.20	—	—	—	—	"
ARB C	F.65	—	—	14	3	—	—	F.66.50
EK C	$50	1	7⅞	—	—	—	—	$58
EK C	$60	3	7/8	21	2⅞	—	—	"
HEI C	F.60	—	—	1	4	—	—	F59.10
HEN C	F.56	15	4	—	—	—	—	"
IBM C	$55	2	6¼	2	7¼	—	—	$60¼
IBM C	$60	5	2¼	12	4	—	—	"
IBM C	$65	30	1/16	—	—	—	—	"
KLM C	F.60	35	3.50	2	6.60	—	—	F.61.20
KLM C	F.70	42	0.50	3	3	—	—	"
KLM C	F.80	—	—	4	1.10	—	—	"
KLM P	F.60	21	2	8	4.70	—	—	"
KLM P	F.80	30	18.70	—	—	—	—	"
NAT C	F.100	—	—	6	15	—	—	F.113
NAT C	F.104.50	4	9.20	1	10.20	—	—	"
NAT C	F.109.10	25	4.90	1	7.50	—	—	"
NN C	F.110	—	—	3	6.50	—	—	"
NN C	F.120	—	—	13	2	—	—	"
NN P	F.110	—	—	—	—	7	2.20	"
NN P	F.120	—	—	7	8.80	—	—	"
PHI C	F.15	3	3	—	—	—	—	F.17.90
PHI C	F.17.50	—	—	6	1.60	—	—	"
PHI C	F.20	10	0.10	5	0.50	10	0.80	"
PHI P	F.20	—	—	10	2.20	—	—	"
PHI P	F.22.50	6	4.50	—	—	—	—	"
PRD C	$25	9	1½	—	—	—	—	$25¼
PRD C	$30	4	¼	—	—	—	—	"
RD C	F.150	22	17.20	3	19	—	—	F.167.80
RD C	F.160	88	8.20	25	10.10	—	—	"
RD C	F.170	206	2.60	83	4.50	1	7.30	"
RD P	F.140	—	—	10	0.80	—	—	"
RD P	F.145	—	—	2	1.50	—	—	"
RD P	F.150	5	0.40	28	2.40	37	3	"
RD P	F.160	212	1.50	60	6	11	6.50	"
RD P	F.170	19	5	17	11	1	13.20	"
T C	$50	10	4⅝	—	—	—	—	$53⅞
UNI C	F.110	1	6	—	—	—	—	F.115.60
UNI C	F.115	23	2.20	23	5	—	—	"
UNI C	F.120	60	0.40	26	2.30	—	—	"
UNI P	F.110	—	—	10	2	—	—	"
UNI P	F.115	—	—	20	3	—	—	"
		Aug.		Nov.		Feb.		
SA C	$30	5	7	—	—	—	—	$36⅛
SLB C	$110	7	10½	2	14	—	—	$117¼
SLB C	$120	5	3¼	4	7¾	—	—	"

TOTAL VOLUME IN CONTRACTS 2170
C=Call P=Put

RESULTS AND ACCOUNTS IN BRIEF

BARR & WALLACE ARNOLD TRUST (leisure, motor distribution, computer)—Results for 1979 reported May 15. Shareholders' funds £7.97m (£7.63m). Loans £1.37m (£512,175). Bank overdrafts £3.65m (£1.77m). Future capital expenditure £3.3m (£1.66m). Historic pre-tax profit of £1.19m (£2.45m) reduced to £1.06m (£1.83m) on CCA basis. Meeting, Leeds, July 4, noon.

HIELD BROTHERS (*Worsted cloth manufacturers and finishers*)—Results for year to March 30 reported May 24. Shareholders' funds £2.98m (£2.97m), medium-term loans £146,000 (£283,000), bank overdraft nil (£385,000), bank balances and cash £68,000 (£1,000). Meeting, Bradford, July 9, noon.

LONDON SUMATRA PLANTATIONS—Results for 1979 already known. Shareholders' funds £17.52m (£14.29m), bank overdraft £1.27m (£0.8m), bank loans £435,837 (£475,117), bank balances and cash £0.85m (£1.17m). Harrisons and Crosfield holds 45.9 per cent. Chairman looks forward to another successful year, with gradually increasing yields from extensive rubber replanting in the coming years. Meeting, The Baltic Exchange, London EC, July 9 at 11.30 am.

WARNFORD INVESTMENTS—Results for 1979 already reported. Property £7.06m (£7.08m). Short-dated stocks at cost £2.01m (£498,317). Bank balances, money at call and short notice £2.55m (£2.56m). Capital reserve £3.01m (£2.24m). Retained reserve £2.42m (£2.26m). Chairman says increased investment income with higher rental income from already completed leases should ensure continued progress in current year. Meeting, 20 Aldermanbury, EC, August 6 at 3 pm.

W. WILLIAMS AND SONS (HOLDINGS) (non-ferrous metal founder and engineers)—Results for 1979 reported May 2. Shareholders' funds £2.47m (£1.92m), mortgage loans £355,152 (£364,044), bank overdraft £1.01m (£1.07m), working capital increased £114,345 (£197,133 decrease). Welsh Development Agency holds 28.38 per cent. Meeting, Cardiff, July 7, at 2.30 pm.

YOUNG AND COMPANY'S BREWERY—*Results for year to March 31, reported May 30.* Shareholders' funds £14.06m (£12.93m). Loans £1.4m (£0.92m). Bank overdraft £1.31m (£0.7m). Meeting, West Centre Hotel, SW6, July 8, noon.

SPAIN

June 17	Price %	+ or −
Banco Bilbao	221	−2
Banco Central	251	−2
Banco Exterior	215	
Banco Hispano	218	−3
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	282	+2
Banco Urquijo	155	−1
Banco Vizcaya	228	−4
Banco Zaragoza	200	
Dragados	83	
Espanola Zinc	60	−1
Fecsa	63.7	
Gal. Preciados	29	−0.5
Hidrola	68.70	+1.2
Iberduero	66.70	+0.2
Petroleos	108.2	+0.5
Petroliber	64	
Sogefisa	107	
Telefonica	58	
Union Elect.	65	+1

UK COMPANY NEWS

Robertson Foods growth slows in second six months

A SLOWDOWN in the second half meant that Robertson Foods finished the year to March 31, 1980, *with taxable profits* £509,000 higher at £2.55m. Midway, the pre-tax surplus rose by £354,000 to £1.12m, and the directors expected a substantial improvement in the full-year outcome.

Turnover increased from £80.14m to £84.88m. Interest rose to £1.63m (£1.02m).

Trading in the group's traditional markets has remained difficult and will continue to be *so during the forthcoming* recession as its customers fight for market share at the expense of both their own margins and those of the manufacturers, the directors say.

However, both Viota Foods in breakfast cereals and Unican Foods in home brewing products had a very successful year. Overseas, satisfactory progress was seen at the French canning subsidiary and the associate in Holland.

The UK export marketing company faces a continuing problem with the strong pound, the directors say, but they expect it will break even in the current year.

James Robertson and Sons Preserve Manufacturers—the major subsidiary—is undergoing a major reorganisation involving the closure of its Bristol factory, they state. The reshape is *proceeding on schedule and will* be completed in the autumn, following which the Bristol site will be prepared for sale.

The benefits will begin to flow through in the current year but *will not be fully felt until* 1981-82.

Capital expenditure for the group's future prosperity will not be reduced despite the fact that it is essential tight controls on the use of cash in subsidiaries continue in the current economic climate, they add.

The net total dividend is slightly higher at 6.33p (6.2974p), with a final of 4.93p. *Stated earnings per 25p share* are up from 11.82p to 20.62p after a substantially lower tax charge of £142,000 (£657,000).

comment

The pruning process must continue at Robertson Foods, despite the rise of a quarter in pre-tax profits. Negotiations are delicately poised for the sale of the group's Quantock division to Gerber Foods. The disposal would be ironic since Quantock is Robertson's up-market division and this is the area of the food market currently producing useful margins and showing some growth. Yet Quantock's canning operations have been eating up cash and the whole operation is showing no profit. *Most* important, the group's balance sheet indicates gearing of around 75 per cent and the position would be much improved by the sale. The slimming down process is already well underway. Jam producing capacity has been cut by the closure of the Bristol plant, which produced an extraordinary debit of £1.1m last year and may cost a further £1m in 1980. Offsetting this to an extent is an expected book surplus of around £0.5m on the sale of the plant. The benefits of the rationalisation should begin to appear by next year but the volume jam market remains difficult. The fully taxed p/e of 10.8 at 117p is assumming a lot of the expansion of the profitable cereals division and the scope to lift returns from exports and overseas operations. The roughly maintained dividend yields 8.1 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are *interims or finals* and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Anglia Television, Duple International, Ernest Jones (Jewellers), Robert Kitchen Taylor, Scottish American Investment, Westland Aircraft.

Finals: *Alliance* Investment, Ariel Industries, Bell and Sims, Bisichi Tin, Brownlee, Downs Surgical, Maurice James Industries, Johnson Matthew, Tesco Stores, Tranwood, Triplex Foundries, J. W. Wassall.

FUTURE DATES

Interims—	
Crest Nicholson	June 19
Dentsply International	June 20
Ladies Pride Outerwear	July 15
Whatlings	June 26
Finals—	
Attwood Garages	June 20
Batleys of Yorkshire	July 3
Brengreen	June 23
Electrocomponents	June 26
Latham (James)	July 4
Lavex	June 24
Norcros	June 27
Redland	June 26
Renold	June 26
Rexmore	July 1
Sterling Industries	June 19

TRIPLEVEST

Net asset value per £1 capital share of Triplevest, investment trust, amounted to 360p as at May 31, 1980. This compares with 401p as at February 28.

BIDS AND DEALS

Polly Peck requests temporary suspension

LADIES FASHION group Polly Peck (Holdings) yesterday requested a temporary suspension of its shares pending an announcement. This will relate to an expansion of the group's activities, but no details were *disclosed.*

The company's shares have attracted considerable speculative interest recently, particularly in the past week, which has seen its market price rise by 15p to 71p at the end of the week. On Monday, the price gained another 12p to close at 83p, valuing the company at £4.3m in the market.

This is a 1980 high for Polly Peck, whose shares had been *languishing at 6p in January this* year before announcement of a takeover offer in February by Jersey-based Restro Investments for all of its issued capital at 9p a share.

Restro is a private investment company controlled by Mr. Asil Nadir, chairman and managing director of clothes wholesaling group Wearwell.

The bid was successful, and left Restro with a controlling 59 per cent *interest in Polly* Peck.

Restro expressed its intention at the time to maintain and develop the business of Polly Peck. The share suspension is thought to precede Peck's acquisition of another business.

Polly Peck's profit touched a high of £323,000 in 1974. But difficult trading conditions have led to declining profits over the *past few years, with the company* sinking into a loss of £22,000 last year. It incurred a further loss of £29,000 for the half-year to September 1979. The company has paid no dividends since 1975.

Apart from the manufacture of ladies clothing, Polly Peck also operates a chain of 33 "shops within a shop" in established *groups such as Debenhams and* House of Fraser.

Grand Met has 83% of Liggett

Grand Metropolitan now owns 33.2 per cent of the general voting power of the Liggett Group.

Grand Met intends to propose to Liggett a merger or a wholly-owned subsidiary of GM subsidiary corporation with and into Liggett pursuant to which Liggett would be the surviving corporation. Holders of shares of Liggett's common stock, convertible preference stock and 7 per cent preferred stock, other than Grand Met or its affiliates, *would receive $69 cash per share* of common stock, $152.62 cash per share of convertible preference stock and $70 cash per share of 7 per cent preferred stock.

It is proposed that the merger, which would require approval of Liggett's shareholders, be consumated in early August.

WEDD/SMITH

Wedd Durlacher Mordaunt, the London-based stockjobber, is to cease acting as a market-maker in the Amsterdam-based European Options Exchange (EOE). It will sell its 50 per cent stake in EOE subsidiary Wedd Smith BV to its equal partner in the venture, Smith Bros.

Wedd plans to apply for floor-broking membership of EOE, but cannot do so by market rules while participating in a market-making company. Mr. Graham Ferguson, a Wedd partner, says the move will give his company a lower profile in the Amsterdam market.

Market-makers are obliged to make a market on the trading floor. Floor-brokers may deal in the market at will.

Wedd Smith has been only marginally profitable, said Mr. Ferguson, and the cash consideration in the transaction will be small.

Mr. David Wenman, Wedd's EOE representative, will move to Chicago.

CROUCH AND CHI JOINT VENTURE

Crouch Group and C. H. Industrials have formed a jointly owned company, Codec (GRC), to manufacture and sell glass-reinforced cement products.

SLATER CONFIRMS ACQUISITION

Mr. Jim Slater has confirmed that through Strongmead, his *private property company,* he has acquired 12.49 per cent of Laganvale Estate, a quoted property concern.

Mereghyll Investments, operating through a nominee account at Lloyds Bank in Jersey, has reduced its stake to 6.4 per cent. A further 1.05 per cent is held by Mr. Stratton Mills, one of *Laganvale's directors.*

Interest in Singer & Friedlander

Several possible purchasers have indicated an interest in taking over Singer and Friedlander, the small City accepting house which is part of the C. T. Bowring group recently acquired by Marsh and McLennan of the United States.

Marsh and McLennan has stated publicly that it wants to dispose of the merchant bank.

Parties which have indicated an interest range from banks in the UK and overseas, to industrial and commercial companies also from the UK and overseas. Among them is Littlewoods Organisation, the family-owned retailing and pools company.

Singer and Friedlander directors are now hopeful that the bank's future will be decided *before Christmas.*

QUEST AUTOMATION ACQUISITION

Quest Automation has acquired *Computer Instrumentation from* University Computing Company (Great Britain), a subsidiary of Wylie Corp. Inc. of Dallas, Texas.

The consideration is 1.32m shares—not ranking for the proposed scrip issue—which are being placed by R. Nivison and Co. among its institutional clients.

Computer instrumentation is a broadly-based *electronics* company and in 1979 had turnover of £2.61m and profit of £155,000 before deferred tax of £63,000.

HoJo takeover completed

Imperial Group, the UK brewing and foods group, has completed its $630m (£270m) takeover of Howard Johnson, the U.S. restaurant and motel chain.

The acquisition, which has had to run the gamut of approvals by the liquor authorities of the 40 states in which HoJo operates, took effect from last night.

HoJo will continue as a separate operating company in the Imperial Group with its present management.

English Assoc. to maintain oil stake

The English Association Finance Company aims to keep the links of Steaua Romana (British), for which it has made a £205,000 offer, with the oil industry by acquiring interests in oil exporation or production *projects* and other extractive industries in the UK and abroad.

The new board is to consider taking part with others in applications for the seventh round of offshore petroleum production licencing on the UK continental shelf. It may also acquire interests in oil exploration and production in north America and elsewhere.

NO PROBE

The following proposed merger is not to be referred to the Monopolies Commission: Sears/A substantial minority interest in Asprey.

LK Indstl. board supports Caparo offer

LK Industrial Investment said yesterday that its board viewed the offer from Caparo Group, the Indian-owned private concern, as fair and reasonable and reflecting the present value of the company.

Referring to Caparo's offer of 16½p a share—it already owns just over half the voting capital—the company noted that the market price on June 13 was 20p. But it felt Caparo would probably not make a higher offer, nor was a bid from anyone else likely.

It is possible that Caparo's statement of its future intentions might encourage some holders to retaoin part or all of their holdings, the company said. Directors and families own 228,300 shares (9.6 per cent).

Mr. Richard Coote, the managing director, intends to retain his holding of 10,000 shares but the other directors intend to dispose of their shares through the market in the period following the annual meeting on June 19, up to the first closing date of the offer if a price in excess of the proposed offer price can be obtained.

FINE ART

Acceptances of the offer by Fine Art Developments for Wilson Bros. total 88.58 per cent. Fine Art now holds 91.37 per cent of Wilsons. The offer is now fully unconditional and remains open.

MYERS/DELORD

Zimmer, U.S.A., a subsidiary of Bristol Myers, has reached agreement *in principle* with the Medishield Corporation to acquire Delord Surgical, the Swindon-based Medishield division specialising in orthopaedic prostheses.

The consideration *involved is* not material in relation to the net assets of Medishield's holding company, BOC International.

KUWAIT LIFTS BURMAH INTEREST

The Kuwait Investment Office bought 110,000 Burmah Oil Company shares on May 28, making its interest 7.24m shares (5.03 per cent).

ASSOCIATES DEALS

On June 16 as an early bargain for the 17th Buckmaster and Moore associates of T. Cowie bought on behalf of discretionary clients, 20,000 ordinary shares of Cowie at 36½p xd. Also on the 17th B and M on behalf of Samuel Montague and Company associates of T. Cowie bought 10,000 Cowie at 38p.

Laurence Prust and Company, brokers to George Ewer and Company, bought on *behalf of* associates of Ewer 95,000 Ewer shares at 56½p non-assented on behalf of Ewer.

A. G. STANLEY

Berger, Johnson and Nicholson has bought 25,000 A. G. Stanley shares, making its holding 3.06m shares (12.1 per cent). Mr. M. J. Stanley, chairman, has sold 125,000 shares, leaving his holding 2.08m shares (8.25 per cent).

CAPE AUTTOMOTIVE

Cape Automotive, a subsidiary of Cape Industries, the fire protection, insulation and automotive components group, is to acquire Ceecol Motor Factors of Croydon, Surrey, a private company distributing to the motor trade. The acquisition takes effect from April 1 and the consideration, which is not disclosed, is paid in cash. Book value of the assets being *acquired is about £175,000.*

SHARE STAKES

Stroud Riley Drummond—B. S. Levi, director, has taken up his entitlement under company incentive scheme, of 65,002 shares. He has subsequently sold 100,000 shares. Simco Supermarkets has completed purchase of 36,550 shares making its holding 29.99 per cent.

Britannia Arrow Holdings—London Trust Company holds 11m ordinary (14.62 per cent).

Second City Properties—Control Securities has purchased a further 137,000 ordinary shares, bringing its total holding to 1,484,500 representing 10.86 per cent of the equity.

Edinburgh General Insurance Services—London Trust, the investment group, now holds 9.2 per cent of Edinburgh General, in which the U.S. agriculture and insurance group, Cook Industries, acquired a near 30 per cent stake late in May. The shares had been held by Mr. Graham Ferguson Lacey.

F. Miller (Textiles)—Aberdeen Trust has acquired 120,000 ordinary shares making holding 550,000 (5.09 per cent).

Bank of Scotland—Kuwait Investment Office has acquired 70,000 ordinary shares making holding 2,202,500 (6.791 per cent).

Chubb and Son—Kuwait Investment Office has acquired an interest in 400,000 ordinary shares making total 5,706,250.

MEPC—C. J. Benson, director, has disposed of 55,000 shares at 215p. He now holds 400,000 shares in his own name, 257 *profit sharing scheme and 30,838* options.

W. H. Smith and Son (Holdings)—Viscount Hambleden as trustee of Lord Hambleden's 1932 settlement ("J" account) has disposed of 97,935 "B" ordinary shares at 26½p. Total holdings is now 1,809,340 shares (2.6 per cent).

Ward and Goldstone—The 42,820 shares designated Solomon-Trust have been transferred to the beneficiary—Jennifer Solomon, daughter of Sampson Goldstone, who is over 18 years of age. Trustees were Sampson Goldstone, director, and R. M. Walker-Simpson.

Hargreaves Group—Charifund nominees holds 2,216,666 shares (6.3 per cent). Beneficial interest in this holding is Equities Investment Fund for *Charities.* Britannic Assurance Company is interested in 3.86m shares (10.97 per cent).

Alpine Holdings — Scottish Northern Investment Trust has *sold 120,000 shares leaving holding* 500,000 shares (4.45 per cent.)

Jitra Rubber Plantations—Batu Kawan Berhad holds 160,000 shares (7.21 per cent), Kuala Lumpur Kepong Investments *156,000 shares (7.03 per* cent) and Parit Perak Holdings—Berhad 7,500 shares (0.33 per cent.).

Bruntons (Musselburgh)—ITC Pension Trust and ITC Pension *Investments have reduced their* holding by 67,000 shares to 333,000 shares (4.16 per cent). The transferee is Lloyds Bank (Branches) nominees, "WBT A/C" currently holding 67,000 *shares (0.84 per cent).*

Over 18% advance by EIO despite underwriting loss

STRONG growth in investment income in the year to February 29, 1980 more than offset a decline in underwriting and enabled the Ecclesiastical Insurance Office to record pre-tax profits up by a fifth for the year.

Gross premium written in the general business advanced by 20 per cent to £17.85m and net premiums by 16 per cent to £11.5m. But an underwriting loss of £123,000 was recorded against a £53,000 profit in the previous year.

Mr. Alan Grant, the chairman of EIO, in his operational review, expressed disappointment at this downturn. But he stated that in present market conditions this result was not surprising and was better than that of many British insurers.

Investment income rose by nearly 50 per cent on general funds, from £1.3m to £1.93m and pre-tax profits were over 18 per cent higher at £1.69m. This improved result enabled the company to increase the amount of its charitable grants from £275,000 to £325,000. Profit after tax amounted to £768,000 compared with £649,000 in the previous year.

The EIO is owned by Allchurches Trust, registered as a charity. It is a leader in insuring church and independent school property. But Mr. Grant points out in his statement that although the company is still committed to the service of the church, the success of its diversification policy now results in more than half its business coming from non-church connections.

Premium income in the Life Fund, which operates on a mutual basis, rose by nearly 40 per cent over the year from £2.44m to £3.37m, while investment income was one-third higher at £1.6m against £1.18m. Claims, expenses and taxation were over 30 per cent higher at £2m, so that the life fund stood at £16.9m at the end of the year against £13.9m at the beginning.

Blue Circle up 96% in S. Africa

BY JIM JONES IN JOHANNESBURG

BLUE CIRCLE, the South African cement, heavy engineering and engineering contracting group which is 55.1 per cent owned by its British parent, increased pre-tax profits by 95.7 per cent to R7.84m (£4.33m) in the six months to May 31, 1980.

This compares with R4.01m in the first six months of the previous year and R16.22m for the whole of 1979. Turnover figures are not provided at the interim stage.

An interim dividend of 9 cents has been declared compared with an interim of 6.5 cents and a final of 14.5 cents in 1979. Earnings per share increased from 11 cents to 22.6 cents.

Although the company warned that the second-half growth rate will be lower, it expects earnings to be significantly higher than 1979's record 45.9 cents per share.

Cement remains at the centre of the group's operations, providing some 50 per cent of pre-tax profit and about 20 per cent of 1979's R203m turnover. With completion of a R30m plant scheduled for November, 1981, annual cement manufacturing capacity will be doubled to 800,000 tonnes.

Mr. Trevor Coulson, managing director, expects higher sales volumes and improved profit performances from most operating divisions, but warns that the mechanical and contracting division could end the current year with a small loss arising from claims and rectification costs on past contracts. In 1979 mechanical contracting contributed 14 per cent of group profits.

Mr. Coulson is confident, however, that Blue Circle will attain its financial targets. In particular he believes that this year will result in a return before interest and tax of 16.5 per cent on average gross assets employed.

Hinton starts well but warns on margins

THE CURRENT sales performance at Amos Hinton and Sons, food and drink retailer, is encouraging, there is improved productivity and the group's plan designed to improve operating methods is nearing completion, Mr. D. A. Hinton tells shareholders.

However, the group faces a year in which cost-inflation will be greater than that on the products the group sells, the chairman says. This will inevitably put more pressure on margins, already threatened by new competition.

For the year ended March 31, 1980, pre-tax profits were down from £1.36m to £878,000 on sales of £76.71m against £65.34m. CCA profit is reduced to £590,000 after adjustments for depreciation, £303,000, monetary working capital, £696,000, cost of sales, £716,000 and £35,000 gearing.

Capital expenditure during the year totalled £2.31m. Of this sum, investment in freehold property accounted for £1.07m while a further £306,000 was spent on new store equipment and major replacement programmes for three of the existing stores.

In the current year, £1.9m is budgeted for capital expenditure of which a major part is for the development and fitting out of the new Northallerton store.

Meeting, Thornaby, Cleveland, July 7 at 2.30 p.m.

Accelerated fall in second half leaves Beechwood at £0.5m

AFTER slipping back £70,335 to £254,202 at midway, pre-tax profits of Beechwood Construction (Holdings) declined further in the second half of the year to March 31, 1980, finishing at £501,815, compared with £704,255.

The net dividend is increased to 2.2p (2.0746p) with a final of £1.58p.

Turnover of the civil and mechanical engineer rose from £9.81m to £11.3m, and the surplus is struck after depreciation of £451,423 (£474,246) and higher interest charges of £357,597 (£247,667).

Profit margins suffered as a result of cutbacks in the public sector as well as in private investment and the heavy increases in wage, material, transport and fuel costs, states Mr. John Downing, the chairman.

But the group came through a difficult year in sound financial shape, and in the circumstances the pre-tax profit was a reasonably satisfactory performance, he adds.

The mechanical engineering side was adversely affected by the engineering and steel strikes.

After tax of £57,954 (£56,897) and minorities, the attributable profit is £443,097 against £646,754.

Stated earnings per 10p share are 7.2p (10.5p).

James Burrough down to £2.78m

THE STRONG pound, inflation and competitive pressures delaying price rises affected results of James Burrough in the year to February 29, 1980, and pre-tax profits fell from £3.35m to £2.78m.

Turnover including duty of the group, which distills and markets Beefeater Gin and Borzoi Vodka, increased to £34.89m (£31.63m).

Mr. Alan Burrough, chairman, says the second-half profits of £1.54m were better than expected at the interim stage. Selling prices have been raised since the year end and profits in the current year should reflect an improvement in margins and controlled expansion in the company's activities, he adds.

A second interim dividend of 3.924p net payable on July 1 lifts the total to 5.544p, compared with 4.824p. Shares of the group are traded on the Over the Counter market run by M. J. H. Nightingale and Co.

Northern Goldsmiths climbs

With second half pre-tax profits advancing from £337,340 to £429,712, Northern Goldsmiths Company, retail jeweller, bookmaking services and finance group, reports an increase from £453,218 to £648,330 for the full year to February 29, 1980.

There was a substantial increase in turnover to £13.2m compared with £5.98m.

After tax lower at £142,518, against £201,839, stated earnings per 25p share are up from 8.65p to 14.89p, and the final dividend is raised from 1.5251p to 2.4p for a total of 3.25p (2.8091p which included a special interim of 0.434p).

Today's company meetings

Boosey and Hawkes, Cafe Royal, Regent Street, W., 12. British-Borneo Petroleum, Winchester House, London Wall, E.C., 12. Brixton Estates, 22, Ely Place, E.C., 12.15. Camrex, Great Eastern Hotel, E.C., 12. City of Oxford Investment Trust, 41, Bishopsgate, E.C., 12. Glynwed, Headland House, Sheldon, Birmingham, 3. Hawker Siddeley, Dorchester Hotel, W., 12. London and Lennox Investment, 2, St. Mary Axe, E.C., 11.30. Minty, Horspath Industrial Estate, Cowley, Oxford, 12. Seccombe Marshall and Campian, 7, Birchin Lane, E.C., 3.30. Securities Trust of Scotland, 29, Charlotte Square, Edinburgh, 12. Francis Shaw, Corbett Street, Manchester, 12. Shiloh Spinners, Holden Fold, Royton, 11.30. Sunderland and South Shields Water, 29, John Street, Sunderland, 12. Wiggins Teape, Gateway House, Basing View, Basingstoke, Hants, 12.45.

Still a long haul for Australia's uranium

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S discoveries of uranium made at the beginning of the 1970s, notably in the Northern Territory, were the envy of the world. At a time when uranium oxide prices were riding high and the early growth of nuclear power seemed assured, the Australian finds were of an unequalled size and grade.

Unhappily, procrastination engendered by political and environmental argument held up the development of this great national resource. Elsewhere in the world uranium mining development proceeded and then the market for the material began to soften as it became apparent that the growth of nuclear power industry would be much slower than had been earlier envisaged.

In 1978, Mr. Doug Anthony, the deputy Prime Minister of Australia was moved to say, "what we have to consider is to what extent we can allow a small group of people, a manipulated group, to stand in the way of a development of tremendous national and international significance."

His words were to little aavil. By then Australia had missed the early boat and competitors in South Africa, Namibia and Canada had the advantage over the still undeveloped uranium mining potential in the Northern Territory. They still do.

Of the four major finds in the Northern Territory, the biggest of them, still is the Jabiluka deposit of Pancontinental and Getty Oil and this still awaits official permission to start on the road to production. So does Noranda's Koongarra property.

The Ranger deposit of EZ Industries and Peko-Wallsend is going forward but is not scheduled to reach production until October of next year. But, as reported here yesterday, the relatively small Nabarlek operation of Queensland Mines has just started production.

Although Ranger and Nabarlek already have sizeable sales contracts arranged, the Australian uranium mining industry must pin most of its hopes on the market revival that still seems to be some years ahead, especially now that world coal is now filling the energy gap to a far greater extent—and without too much environmental objections—than was earlier envisaged.

But hope springs eternal and Sir Charles Court, premier of Western Australia said yesterday that his state could be a supplier of uranium to Japan by the middle of this decade. He was specifically referring to Western Mining's uranium deposit at Yeelirrie.

Sir Charles cenceded that Japan's immediate uranium needs were well covered, but he felt that the longer term requirements augured well for Western Australia as a supplier later in this decade. Hopefully they do, but Australia's potential uranium mining industry, which could have been in full production long before now, faces a long haul to prosperity.

Rhodall issue in Zimbabwe

AFTER being heavily over subscribed in the Zimbabwe new issue market, the Anglo American Corporation group's chrome subsidiary, Rhodall, opened at a small premium of 10.4 per cent on the Zimbabwe stock exchange yesterday.

Rhodall's public issue was the first in Zimbabwe for five years and investors subscribed for more than four times the 3 shares on offer.

Offered at 125 cents (85p) they opened at 138 cents, traded up to 140 cents and then closed at 136 cents. Turnover was estimated at 275,000 shares, more than 9 per cent of the shares offered.

The Anglo American group has been criticised for its decision to offer only 12 per cent of the Rhodall equity to the Zimbabwean investing public.

The normal stock exchange listing requirement is 30 per cent, and the fact that the issue was more than four times subscribed has been interpreted as evidence that the market was willing to take up far more shares than were offered.

Hartogen's latest success

BY STEPHEN THOMPSON

THE KINCORA No. 19 well drilled by Hartogen Energy in Queensland's Surat Basin is to be completed as a gas-producing well. Kincora 19 was drilled 900 metres north of Kincora 18 which encountered unexpected oil indications earlier this year.

Hartogen Energy has a 100 per cent interest in the Kincora gas field, subject to royalties totalling 14.65 per cent and a 10 per cent net profit interest held by Australian Oil and Gas Corporation.

Drill stem tests of the Kincora 19 in the interval between 1,463 to 1,500 metres flowed gas at 24,360 cu metres a day.

Other flows, accompanied by a heavy mud and filtrate spray, were recorded at the rate of 70,000 cu metres a day during drill-stem tests of two separate reservoirs between 1,397 and 1,410 metres.

Mr. P. N. Burke, Hartogen's chairman, said that the flow rates encountered so far will increase when the well is on production and has been cleaned up.

The next well to be drilled in the Kincora field, the Kincora No. 20 well, will be located 900 metres north west of the Kincora 15 well. Kincora 15 flowed natural gas from three separate zones.

A further well to test the extent of the Kincora 18 oil find is also being planned.

* * *

Weeks Petroleum, the Bermuda-based oil and gas exploration and producing company, expects to start drilling operations in its East China Sea concession area next month.

This follows extensive seismic evaluation work on the concession in which Weeks has an 8.5 per cent interest. The concession is located offshore Japan and the Republic of Korea and has an area of 27,000 sq miles.

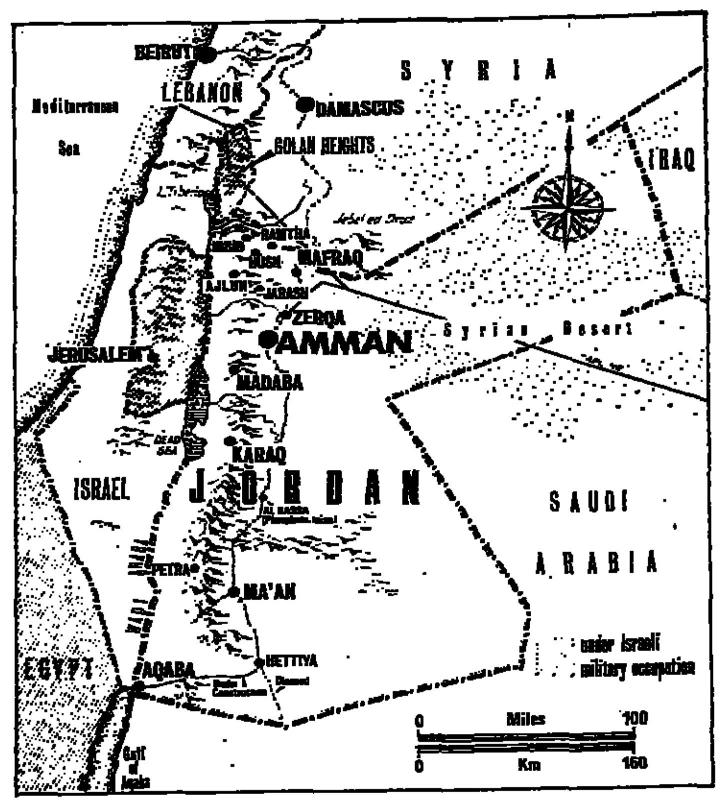
The first well in the area, which contains two sedimentary basins, will be drilled to a depth of 4,100 metres.

FINANCIAL TIMES SURVEY

Wednesday June 18 1980

JORDAN

Political stability and strong economic growth without the benefit of oil have made Jordan an Arab nation with a difference. King Hussein's pragmatic policies have trodden a careful path in the minefield of Middle East politics, providing steady pressure for just solutions to the Palestinian problem and other questions.



Eye on balance of power

By Roger Matthews

AMMAN, the fast growing capital of Jordan, has become in the past few years perhaps the best single Middle East city from which to assess the overall mood of the Arab nation. Jordan watches, charts and monitors the ebb and flow of inter-Arab and international relationships with an intensity that reflects its obvious vulnerability to external events.

That Jordan today should appear as one of the more stable Arab countries and one that without the benefit of indigenous oil is enjoying strong economic growth is a tribute to the diligence of the ruling Hashemite monarchy. King Hussein, still only 44 and in his 28th year as the constitutional but absolute monarch, has by the very longevity of his rule and his survival in the face of severe pressures, achieved a degree of popular respect that is itself a stabilising factor.

Failure to understand that King Hussein will not act in sharp defiance of the perceived balance of power in the Arab world, except when his own survival is at stake, has led to much of the misunderstanding about Jordan's putative role in the Egyptian-Israeli peace efforts. The U.S. Administration was right to consider the King basically sympathetic to the West; moderate, pragmatic, and willing to participate in a negotiated settlement to the Middle East crisis. It was entirely wrong to believe that he would associate himself in a process that did not in advance assure him of Israeli willingness to withdraw from the territories it occupied in the 1967 war. It was an even bigger error to suppose that the King would do so in opposition to the majority of the Arab world.

The dismay in Amman at Washington's insensitivity to Jordan's requirements and the hectoring style of National Security Council adviser Mr. Zbigniew Brzezinski have contributed to the chill in relations between the two countries. Jordan will not be persuaded of the overwhelming importance of the Soviet invasion of Afghanistan as a threat to Middle East and world peace when it sees the United States actively assisting Israel to prevent the exercise of self-determination for 1.2 million Palestinians living on the West Bank and Gaza Strip.

The more pressing fear is that Israel's open defiance of the United States by insisting on building yet more West Bank settlements and moving into totally Arab towns will further inflame passions and diminish the effectiveness of moderate West Bank leaders. This could in turn spill over into Jordan, where over 50 per cent of the population would consider itself to be Palestinian rather than Jordanian.

Such radicalisation is an ever present anxiety in Jordan. The Government was aware from the moment the Camp David accords were signed by Egypt, Israel and the U.S. that Arab moderates would have their backs against the wall and this partly explains why Jordan was the first to break relations with Cairo after the separate peace treaty was agreed. Jordan's confirmation of its pan-Arab sentiments and its support for Palestinian rights were appreciated by its neighbours, not least Iraq which, with its oil revenues and regional leadership ambitions, has moved smoothly and effectively to cement a closer relationship with Amman.

Studies

An agreement signed earlier this month provides for substantial Iraqi investment in Jordanian infrastructure, particularly at the Port of Aqaba and in the extension of the country's cross-desert road system. Iraq has also agreed to feasibility studies on extending Jordan's agricultural areas and of supplying drinking water to Amman.

This is in addition to total Arab support of $1.5bn a year that Jordan was pledged at the Baghdad summit in November 1978, and the drawings the Amman Government can make on other Arab funds.

To this extent the political draughts felt by Jordan when President Sadat of Egypt was ejected from the Arab League have been compensated for by increased economic support. However, the sight of politically conservative Jordan falling into the orbit of radical Iraq while at the same time hinting of possibly closer links with the Soviet Union is not one that can be cheering for the Western Alliance.

Neither is there much sign that in the short term the process can be reversed. Publicly Jordan is hopeful that a Western European initiative could replace the failed Camp David exercise, but privately few leading Jordanians believe that the U.S. is ready to admit failure and until that happens the Europeans will not move.

King Hussein's own efforts to promote some minimum Arab consensus on a Camp David alternative have receded almost totally since the Arab summit in Tunis last November and with bi-lateral squabbles breaking out throughout the Arab world the chances of resurrecting it are minimal.

Morocco is fighting Algeria, the Libyans are falling out with almost everyone, the present Tunisian regime is probably moving towards its close, Egypt is isolated, the Lebanon is in turmoil, the Syrian regime is under heavy internal pressure, Iraq and Iran are coming to blows, the Saudis and Gulf States are bewildered and fearful. So it is small wonder that the Jordanians are despairing of ever achieving united Arab action.

When this coincides with an Israeli Government such as that led by Mr. Menachem Begin and a U.S. Administration headed by President Carter, the gloom and frustration in Amman becomes even more apparent.

Atmosphere

It is perhaps partly in response to this atmosphere that the King appointed his principal adviser, Mr. Sharif Abdul Hamid Sharaf, to head a new Government last December. The new Prime Minister, who comes from the Iraqi branch of the Hashemites and was considered a radical in his youth, has brought a distinctly socialist tint to the Government with his emphasis on social justice, fairer distribution of wealth and "the rationalisation of consumption"—or, as one Amman cynic put it, "a clampdown on the imports of frogs' legs from France."

Such cynicism apart, the Government does clearly feel the need to reduce the growing gap between lower income groups and the wealthy minority whose new luxury homes are eating into the fertile agricultural land around the capital. The Government also wants to initiate a devolution of power to the regions in an effort to stem the threat of Amman becoming virtually a city state.

It is talking about carefully controlled elections to small mini-Parliaments that would involve local people in the decision-making process. But in a country where no political parties or genuinely representative institutions are permitted this might be the start of a slippery slope on to which the King would ultimately hesitate to place his foot.

At the heart of this problem are the Palestinians. The tens of thousands still living in refugee camps may find life in Jordan relatively tolerable but they owe no allegiance to the King and are only waiting for the day they can return to their homes in Palestine. They are permitted no political activity and are watched closely by the regime's efficient security apparatus.

Other Palestinians who have benefited more from life in Jordan would also consider themselves merely temporary residents. A third category, either by political choice or by growing affluence, have had their radical nationalistic edge blunted and, in the bitter words of one Palestinian: "Have sold out to the Hashemites." Until the day that a West Bank State is formed no-one can be entirely sure who belongs in which category and this must remain a major restraining factor in King Hussein's assessment of the political organisation of the country.

So too are relations with the Palestine Liberation Organisation. The Egyptian Israeli treaty brought a cautious rapprochement between King Hussein and PLO Chairman Yasser Arafat but the wounds of 1970 and 1971, when King Hussein's troops drove the Palestinian guerrillas out of Jordan, are far from properly healed.

Rumours

The PLO now has a West Bank liaison office in Amman but despite occasional rumours there is little, if any, likelihood that the King will ever again permit armed Palestinians to be based in Jordan or to undertake cross-border raids into Israel.

The Jordanian authorities appreciate the difficult balancing act that Mr. Arafat maintains. But they admit frustration at not being sure out of which corner of the mouth he is speaking when he talks to them. Similarly, Mr. Arafat cannot be sure of King Hussein's precise intentions in relation to the West Bank. Jordan survived and recovered strongly from the political and economic blow of being driven out of the West Bank in 1967 but the pressures could conceivably be more intense if ever an independent West Bank and Gaza State was formed.

King Hussein therefore works hard at enhancing his contacts with West Bank leaders and would probably be prepared for some formal link with the area should a transitional period be arranged before the local inhabitants were given the right to decide their own future status. But it is not in the King's interests, any more than it should be in the interests of Israel, for moderation on the West Bank to be replaced by a virulent radicalism.

It is in that direction that the Jordanian regime fears the most potentially eruptive region of the Middle East is heading. As host to the next Arab Summit in November, King Hussein will again be pleading for joint Arab action. But as the leader of a small country with little indigenous wealth he has only a remote chance of influencing events. The best that Jordan and the King can hope for is to stay centre-stream—a course that with only occasional aberrations has been steered with notable success for the past two decades.

CONTENTS

Contradictions in vigorous economy

THE JORDANIAN economy *suffers from many of the* contradictions that are perhaps endemic to a small non-oil producing country located at the geographical heart of the Arab-Israeli conflict. It is a Third World developing nation, yet it is in the midst of a vigorous consumer boom. It has a frighteningly wide balance of trade deficit, but a remarkably *healthy balance of payments* surplus. It has to bring in often unskilled workers from less developed countries, while losing a high proportion of its own skilled labour to its oil-rich neighbours. It has to maintain a large and well-equipped standing army but complains of a serious manpower shortage. It is on better terms with the rest of the Arab world than any other single country, yet pays the same for its crude oil imports as anyone else.

These same contradictions might however also be Jordan's strengths, if the more positive aspects can be used to buy the time for the country to develop its own indigenous resources that would eventually lessen its dependence on external support.

The twin pillars of the Jordanian economy are the flow of aid and concessionary loans, mainly from the Arab oil-producers, and the remittances sent back from its workers abroad. Together, these two items amounted last year to more than $2bn, or approximately five times the value of the country's exports.

Response

The external aid flow has been transformed by the Arab reponse to the Egyptian-Israeli peace treaty. At the Baghdad summit meeting in November 1978 it was agreed to provide Jordan with $1.25bn annually for 10 years as part of the package given to the countries directly facing Israel. Last year Jordan received all but about $211m of its allotment and the bulk of the first tranche for 1980 is understood to have been paid on time.

As the donors intended, this reflected immediately in Jordan's arms-purchasing programme, *with over 250 Chieftain* tanks now on order from Britain and 24 Mirage fighter aircraft from France. But it also provided for increased budgetary support that showed up in urgently needed 20 per cent pay rises for Government employees and the armed forces together with additional sums for development programmes.

Simultaneously Jordan has been experiencing a further increase in workers' remittances that according to official statistics reached JD 180m ($520m) last year. However it is widely accepted that cash being brought into the country through non-official channels will have brought this total to nearer $800m and should this *year top the $1bn.*

Jordon's capacity to absorb such sums without seriously heightening already existing inflationary tensions is certain to become of growing concern to the authorities over the next two years. Government policy is to take some heat out of the economy by aiming for a growth rate slightly below the 9-10 per cent *average of the past four* years while trimming Government expenditure and directing investment into areas that have a higher social impact.

Jordan prides itself on maintaining a relatively free non-socialist economy and is reluctant for the Government to invoke more direct powers for the day to day management of policy. Yet *surplus cash in* the economy is forcing up the country's import bill, widening the trade deficit and fuelling inflation.

Imports rose *last* year by some 27 per cent to almost $2bn, and although much of this reflected the increased cost of *oil* and *foodstuffs*—which together account for about 50 per cent of the total import bill —there is no discounting the important impact of consumer demand for what might be considered luxury goods. Because of its political orientation the Government seems unwilling to consider a significant increase in customs dues and virtually rules out quotas. The indications are therefore for a continued increase in the trade deficit and at best a slower rise in the rate of inflation.

Should this occur it will certainly not be because the Government is unaware of the danger. Prime Minister Sharif Abdul Hamid Sharaf has repeatedly warned since taking *office last December that Jordan* was threatening to become a runaway consumer society. He has pledged to cut some 10 per cent from government expenditures while also seeking to trim profit margins in the private sector which, he seems to think, often anticipates inflationary trends and so adds to them.

BASIC STATISTICS	
Area	37,738 sq miles
Population (1978)	2.98m
GNP (1979)	$2,671.3m
Per capita	$867
Trade (1978)	
Imports	$1,335m
Exports	$296.5m
Trade with UK	
Imports	£86.9m
Exports	£7.9m
Foreign exchange reserves	
(April, 1980)	$1,159m
Currency: Dinar. £=0.687 Dinar	

To this end the Government is establishing its own shops to sell basic commodities and some other goods at virtually cost price. The complaints from the private sector are becoming more vociferous and the number of these outlets operating by the end of this year will be a good measure of the Government's political determination.

Another test will be what the Government eventually decides to do about subsidies. It was felt to be politically inopportune last year to pass on to the consumer all the increase in world prices for oil and foodstuffs and as a result the subsidies bill climbed to JD 70m ($23.1m). With the example of Egypt close at hand some ministers are keen to phase out subsidies before they become an established and growing part of the national budget but their hopes of doing so by the end of next year are almost certainly premature.

Emphasis

Room for manoeuvre is similarly limited in monetary policy. Officially the money supply increased by about 26 per cent last year and the Central Bank is having some modest success in mopping up excess liquidity. The base lending rate of 9 per cent, well below world levels, will probably be allowed to increase slightly during the year and greater emphasis will be put on developing Amman as an integrated capital market.

The other main area of Government attack is likely to centre on increasing domestic revenues and especially the overall "take" from direct taxes. Out of total estimated budget revenue for 1980 of JD 436m ($1.637bn) only a miniscule part will be contributed by theoretically progressive income taxes. Last year total income tax revenue was little over JD 25m ($82.5m).

Government spending this year is estimated at JD 529m ($1.74bn), an increase of only 3 per cent over 1979 and therefore in real terms a fall of about 10 per cent. However, it has already acceded to another pay demand from the public sector that was not anticipated when the budget estimates were drawn up. Similar pressures could widen the projected JD 33m deficit, especially if Government departments fail to meet their required spending cuts.

Somewhat to the dismay of the Jordanians these difficulties are felt not to be fully recognised by the international community, which concentrates its attention more on the country's strong external position. For the past four years Jordan has recorded a balance of payments surplus and gold and convertible currency reserves now stand at about $1.5bn. Last year's overall surplus of $210m will be at least maintained this year but is more likely to rise because of the continued buoyancy of remittances and a very wet winter that brought to an end four years of semi-drought.

This will lead to a dramatic increase in agricultural production and should limit the rise in this year's total import bill. Additionally the Government is anticipating a doubling of phosphate production over the next two years, with export earnings climbing to $200m, a major contribution from the Dead Sea potash project which could eventually be worth $100m a year, and in the longer term the exploitation of its oil-shale deposits.

None of these factors are in themselves sufficient to predict a really significant loosening of Jordan's dependence on external aid flows. But they do show that given the time to build a stronger infra-structure and develop the sort of skills and services that could complement the technical and industrial requirements of the oil-producing countries, Jordan does have the possibility of a more *independent* economic future.

The Government undoubtedly knows the course it wishes to follow but has no guarantee that external events in the region will allow it to do so. At least in the last resort it knows that the very size of Jordan means that in relative terms its economic problems can remain within, by Middle Eastern standards, manageable proportions. As one minister wryly pointed out, the total Jordanian Budget last year was only equivalent to a single day's oil revenue for Saudi Arabia.

Roger Matthew

Brisk growth in banking and financial sectors

CONTINUING HIGH growth and a gradual move into syndicated loans and bond issues are the hallmarks of the Jordanian banking and finance sector this year. The most satisfying aspect of this scetor's development for the country's economic planners *is the sudden enthusiasm for* locally syndicated loans, indicating an ability to finance most new commercial or development projects from domestic resources.

Since the first such loan was signed on the very last day of 1978, five others have followed suit. They total only JD 27.2m ($90m) in volume, but the mere fact that they have been arranged is a major development for local entrepreneurs or industrialists who otherwise could not raise their needed capital locally and would have to turn abroad.

The latest syndication is the most interesting. It is a JD 9m ($30m), 11-year credit for the state-owned airline Alia. This is, therefore, the largest and the longest such loan ever arranged in Jordan. It carries a fixed interest rate of 9.25 per cent.

Three more syndications are being arranged and should be signed in the next few months. They range from JD 3m to 8m ($10m to $26m), for seven years, at an interest rate of 9.5 or 10 per cent. They will finance two *hotel* projects and expansion of the country's sole cement plant.

According to Industrial Development Bank general manager Ziyad Annab, who has played a pivotal role in the syndications drive, the local bond-market could also develop swiftly if interest rates are attractive. Two bond issues floated last year, for the cement company and the Free Zones Corporation respectively, carried interest rates of 8.5 and 6.5 per cent. It is expected that the rates will have to rise slightly to attract investors tempted by the significantly higher interest paid on dollar and sterling deposits abroad.

Challenge

Central Bank Governor Mohammad Sa'id Nabulsi, however, told the Financial Times that the flight of capital from Jordan remains an insignificant factor. On the contrary, the main challenge facing the financial sector is to find enough productive outlets for available capital. One step the Central Bank has taken to encourage increased commercial bank lending to productive projects, as opposed to inflationary trade and real estate dealings, has been to exempt banks' shares of syndicated loans from the calculations of their credit-deposit ratios. These ratios have to remain below 67.5 per cent, according to a Central Bank directive issued last year.

The high level of capital that keeps flowing into Jordan is reflected in the continuing brisk rate of growth in all aspects of financial activity. The total money supply, for example, grew by 28 per cent last year to reach JD 764m ($2.5bn), while the country's total gold and foreign exchange reserves increased by one-quarter to reach JD 451m ($1.488bn), in large part accounting for the strong and stable exchange value of the Jordanian dinar.

Commercial bank deposits rose by 32 per cent last year to reach JD 593m ($1.957bn), while outstanding bank loans rose by a staggering 47 per cent in the past 14 months, to reach JD 489m ($1.616bn). However, a full 62 per cent of this credit is for the inflationary commerce and real estate sectors, a ratio that the Central Bank has been trying unsuccessfully to bring down in favour of more credits to the industrial and agricultural sectors. This attempt has included the raising of banks' reserve requirements and the lowering of the credit-deposit ratio, but the old-fashioned commercial banks are largely proving hesitant to shed established — and very profitable — habits.

The emphasis in the financial sector continues to be on expanding the range of available services. In the past two years, negotiable certificates of deposits have been introduced into the market, syndicated loans and even syndicated bid bonds have been arranged, private corporate bonds have been floated, a forward exchange market has been established, and two investment banks have opened their doors, along with the Jordan Islamic Bank. Earlier *this* year, *the* Jordan Securities Corporation started its work in the field of securities underwriting and general capital market services.

These changes reflect the steady increase in business at the two-and-a-half-year-old Amman stock exchange, which registered a trading volume of JD 19.3m ($64m) last year. Trading should nearly double this year, judging from the steady increase in the daily volume. Earlier this year, it jumped five-fold within the span of a few weeks, as capital fleeing the Gulf area gravitated in part to the safety of the Jordanian economy. But since then, a more normal pace of activity has resumed.

It is the Central Bank's policy to encourage the growth of new banking institutions, while freezing the issue of new commercial bank licenses. The idea of trying to develop an offshore banking market in Amman has been dropped. "We don't believe in offshore banks for Jordan," Central Bank Governor Dr. Mohammed Sa'id Nabulsi told the Financial Times. "Rather, we want to develop a complete spectrum of financial institutions working in an indigenous integrated capital market."

There is some concern that the high level of the economy's liquidity is contributing to the inflation rate of about 14 per cent a year, but there is the parallel realisation that the amount of capital flowing into the country is not always within the power of the Government to control.

Therefore the Central Bank has accepted the fact that it does not have much leeway to use credit volume as the main anti-inflationary tool, and so the emphasis has been switched to controlling the Government's annual budget and directing investments into productive industrial projects. This year's budget, at JD 529m ($1.746bn) is a decrease in real terms on last year's after inflation is accounted for.

Rami G. Khouri

Huge growth by industry

IN A country totally dependent on imported oil, and suffering a tight labour market and high reliance on imported raw materials, one would not expect to see an economy on the verge of a major expansion in industrial output. But this is precisely the case in Jordan, reflecting the careful, plodding manner in which public and private sector forces have tried to exploit those few industrial resources that the country does have.

The industrial sector has been slated to show the largest sectoral growth in the current 1976-80 five-year plan, rising by 26 per cent a year to increase its share of GDP from 15.6 to 28 per cent by the end of this year. Total investments in industry and mining have been projected at JD 229m ($756m), or a full 30 per cent of all plan spending. The preliminary statistics for 1979 show that mining and manufacturing account for 18.8 per cent of GDP, well below the plan target.

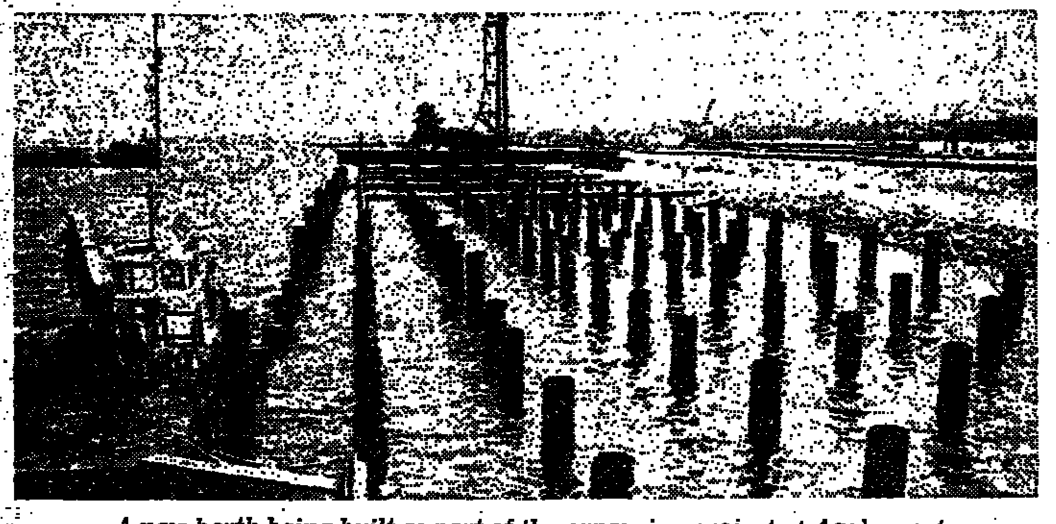
But this is a deceptive shortfall, because all the major new and expanding industrial schemes are either well under way or nearing completion, and by 1982 the industrial sector's contribution to GDP should increase very sharply as a series of big projects come on stream.

Most important of these are the five large mineral-based plants for phosphates, potash, chemical fertilisers, cement and oil refining. The phosphate company expanded output last year to 2.82m tons, from 2.3m the previous year, bringing in export revenues of $90m. This year, sales have already reached 4.4m tons, whose export should bring in revenues of $220m due to the rising price of raw phosphate rock.

Next year, production should increase to 5.5m, with 1m tons going to feed the new $320m chemical fertiliser plant being built at the southern port of Aqaba. This plant will produce an annual 740,000 metric tons of diammonium phosphate and 105,000 tons of phosphoric acid, all for export. It should start production by the start of 1982, if not sooner.

The third fertiliser-producing scheme is the $430m potash plant being built along the south-eastern shores of the Dead Sea. It will turn out 1.2m tons of potash per year, but starting at a lower rate in 1982. By 1983, these three big fertiliser projects should add at least JD 100m ($330m) to the national product.

The sole oil refinery has doubled its capacity to 3m tons a year, while the cement plant at Fuheis, near Amman, is also being expanded to double its annual capacity to 2m tons by 1982, all of which is geared to local consumption. A new $100m cement plant to produce 1m tons per year is being built in south Jordan, at Rashidiya, mainly for export purposes. It should enter service by 1983.



A new berth being built as part of the expansion project at Aqaba port

When these six big industrial projects are all operating at full capacity by about 1984, they will contribute nearly one-third of Jordan's gross domestic product, and will have helped bring about the desired structural shift of the economy's centre of gravity away from services and towards industry and mining.

Production in other existing smaller industries has continued to grow steadily. The index number of industrial production increased by 29 per cent last year, propelled mainly by added production of phosphates (2.82m tons), cement (623,000 tons), oil products (1.612m tons), textiles (1.4m yards), cigarettes (3.4bn cigarettes), detergents (10,567 tons) and paper products (7,123 tons). Mining and manufacturing accounted for JD 102m ($337m) out of last year's gross domestic product (at factor cost) of JD 542m ($1.79bn).

The large industries are complemented by a series of small- and medium-sized companies with a strong export orientation to the insatiable markets in the nearby oil-producing states. Such companies typically use a combination of local and imported components to produce consumer goods that can be quickly trucked to nearby markets.

This formula capitalises on the happy chance of Jordan's location on the doorstep of the giant oil-fuelled economies of the Gulf, on its skilled labour force, and on the willingness of its entrepreneurs to establish joint-venture manufacturing companies with foreign, usually Western, partners.

This is clearly the future growth trend in the industrial sector, as the possibilities for large-scale projects to tap local mineral resources become fully exploited. The establishment of a large industrial part south of Amman and a series of three free zones in different parts of the country aim to provide the appropriate infrastructure for such medium-sized plants.

To fill in gaps in the managerial structure of Jordanian firms, the two-year-old Jordan Institute of Management, spawned by the Industrial Development Bank, is expanding its series of short courses especially tailored to meet the needs of local companies, particularly in such fields as accounting, personnel management, marketing and stock control.

Trade statistics show that a proportionally larger amount of exports and re-exports are going to the nearby Arab states, in line with the country's aim to become an important manufacturing centre in the region. This effort will continue to be adversely affected by rises in oil prices, which work their way through the price structure to threaten the competitiveness of Jordanian products.

The Jordanians are convinced, however, that their combination of labour, managerial skills and location will always produce competitively priced quality consumer products required throughout the area. They have been proved right to date, though future prospects for medium-sized industries remain sensitive to the availability of skilled workers, the cost of energy, a plentiful supply of water and a lack of serious competition from other producers in the area, particularly those in the Arab Common Market.

Rami G. Khouri

Tight labour market forcing wage rises

WITH ITS open economic system and the attraction of high wages in nearby oil-producing states, Jordan has resigned itself to living with a tight labour market for at least the first half of this decade.

This portends a complex labour sector with steadily rising wages, more sophistication in management and technical skills, an uneasy balance between imported foreign workers and Jordanian emigrant workers, and attractive inducements for more women to enter the workforce.

The result will be that while wages may continue as one of several inflationary factors in the Jordanian economy, the steady development of labour efficiency in the longer run is likely to maximise Jordan's potential as a regional centre for services and manufacturing. And it is labour, in the end, that is Jordan's most important resource.

Until the early 1970s, Jordan suffered from chronic unemployment that regularly topped 10 per cent. After the 1973-74 oil price increases, Jordanians proved to be one of the most sought-after sources of labour for the Arab oil producers, particularly Saudi Arabia, Kuwait and Libya. The outflow of Jordanian workers has been the dominant feature of the economy since 1975, though it appears to have stabilised during the past two years and should maintain the same rate of about 10,000 departures a year for the next several years at least.

As a result, the domestic workforce has grown slowly to reach 430,000, while the best estimates put the number of emigrant Jordanian workers in the oil states at some 300,000. The large number of emigrants has forced a rapid increase in domestic wages, as the private sector has tried to keep its skilled workers at home by offering them more money and better fringe benefits, particularly housing schemes, health insurance plans, provident funds and free training opportunities.

Between 1973 and 1979, the average nominal wage increased slightly more than the rise in the cost-of-living index, though in real terms purchasing power has remained steady during most of the 1970s.

The strategy to overcome the problem of tight labour includes three components: allowing foreign workers to fill in temporary gaps, increasing the labour supply, and providing a "social package" of attractions to reduce gradually the large incentive gap between wages in the Gulf states and in Jordan.

Sticking to the principle of the free movement of workers, Jordan has seen its foreign work force grow steadily to reach about 75,000, though this also appears to have stabilised. Nearly 40 per cent of the foreign workers are Egyptian, and others come from Pakistan, Syria, Lebanon, the Phillipines, Turkey, India, Korea, Sri Lanka and Bangladesh.

Contribution

It is estimated that they are sending back remittances of about JD 30m ($100m) every year, compared to the JD 250m ($800m) that Jordanian workers abroad send back every year. Thus while the foreign workers have a small adverse effect on the balance of payments, this is heavily outweighed by their net contribution to the economy.

In some sectors, such as tourism, a shortage of foreign workers would cause massive problems of understaffing and inefficiency. The emphasis of the Government is now on regulating the presence and flows of foreign workers, by making sure they are all given work permits and enjoy legal benefits to which they are entitled.

The training of Jordanians is also a top priority area, in which the private sector and the Government have co-ordinated their activities to provide about 30,000 places in post-secondary training and vocational institutes of all kinds. These are turning out about 8,000 graduates every year, of which as many as half take up work abroad immediately after graduation.

An underlying theme of training is the need to encourage more women to work. The pool of potential women workers is large, as females already make up 41 per cent of secondary school students. The percentage of women in the total workforce has risen steadily to reach about 15 per cent this year, but there is still much scope to increase this figure.

The third front in the battle to tame the turbulent labour market is the attempt to provide a loose "social package" of incentives that would reduce the attractions for a Jordanian to work in the oil-producing states. The most notable features of the package are a new, comprehensive labour law that will come into effect at the end of this year; a new social security system covering 33,000 workers in 180 private companies; compensation for work-related injuries, occupational diseases, old age, disability and death (government civil servants are already covered by their own pension system); a growing number of housing schemes enabling workers who could not otherwise do so to buy their own home or apartment at soft terms over 20 years; increased training opportunities; and, of course, steadily rising wages.

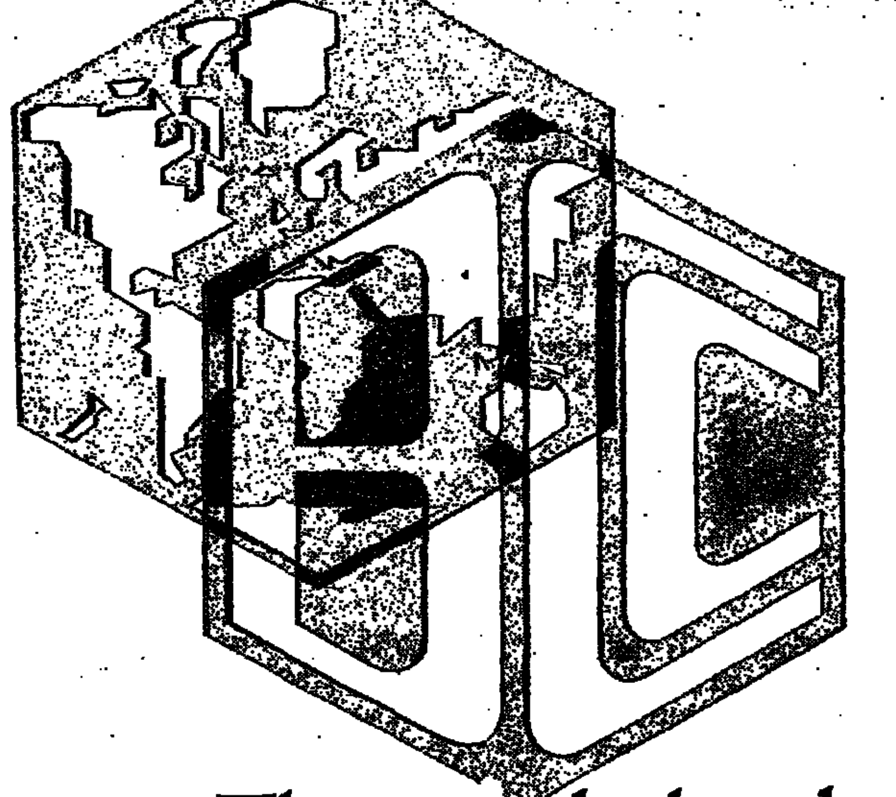
The country's Hotel and Tourism Training School. More cooks and hotel staff are needed than can be trained

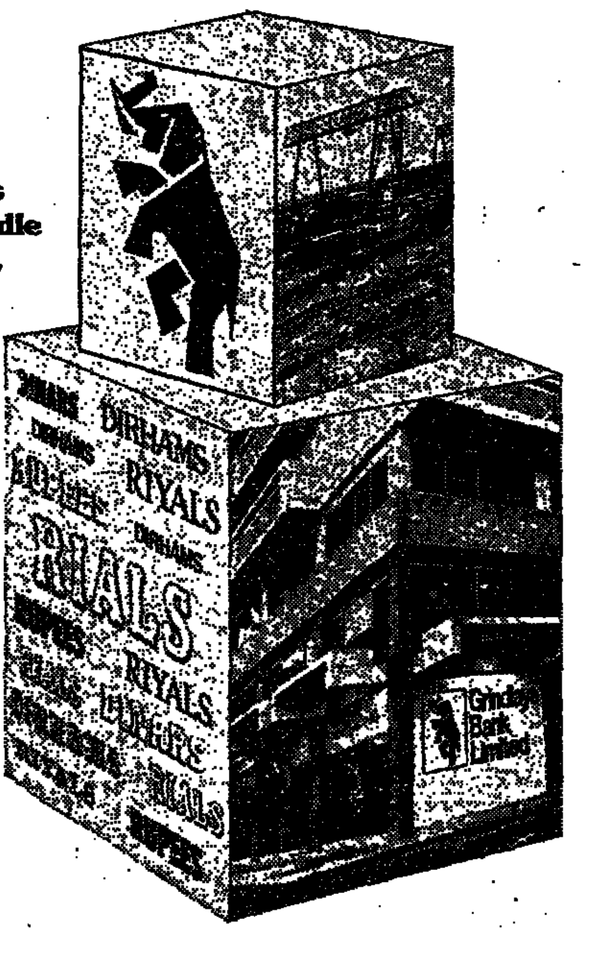
In the coming few years, the social security system will cover all private sector workers. Its funds available for investment will grow quickly, to be invested in projects that directly benefit workers themselves, such as housing schemes.

The country's 17 labour unions, with 80,000 members, should also become more powerful as they become increasingly adept at collective bargaining with the traditionally powerful employers. While strikes and work stoppages are not common occurrences in Jordan, workers in large companies, such as textile plants or the oil refinery, have threatened to stop work as a means to prod management into serious negotiations on pay increases and improved benefits.

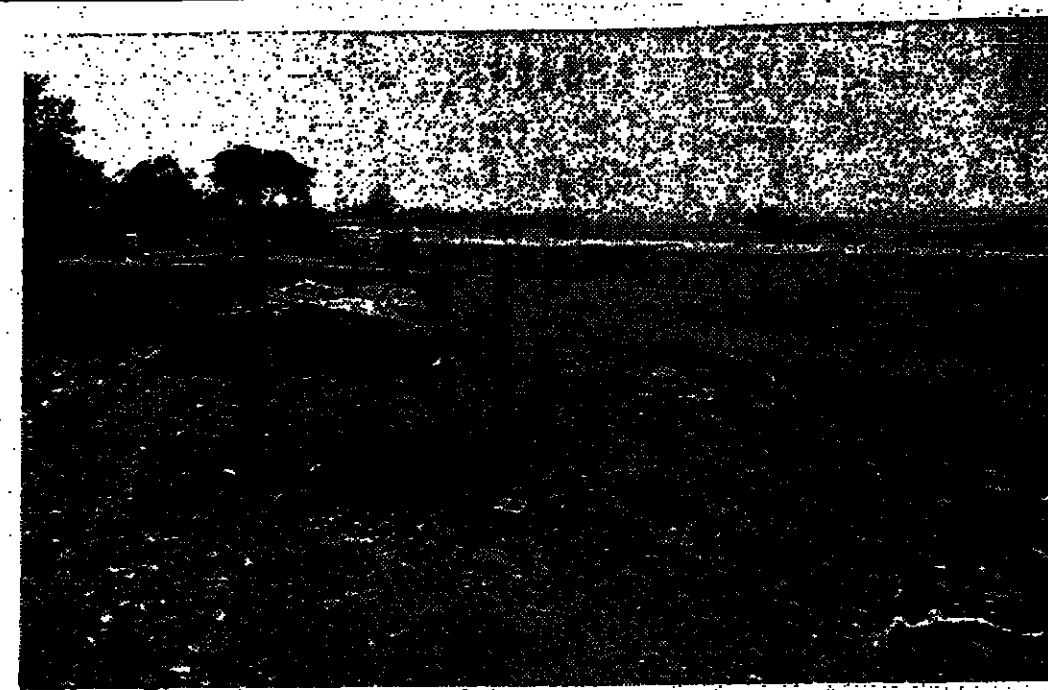
This trend should continue in the future, given the tight labour market and the preference of most companies for Jordanian workers to stay at home. The other option is to bring in foreign workers whose high turnover only dampens productivity and profitability in the end.

Rami G. Khouri





Children take a summer swim in the East Ghor Canal, main artery of the $1.5bn Jordan Valley Development Scheme



A new housing scheme (right) replaces the old mud homes of Jordan Valley farmers

Many constraints on planning strategy

THE ODDS against Jordan managing to implement a coherent, long-term development strategy are staggering.

Living on the frontline of the Arab-Israeli conflict, and being on the edge of the giant oil-fuelled economies of the Gulf region Jordan suffers from having to finance a heavy defence burden and accommodating within its small territory about 1m Palestinian refugees.

These exiles, who have crossed the Jordan in several successive waves since 1948 divide into those who see themselves politically and emotionally as Jordanians with a future on the East bank of the river, and those who would consider recrossing the river if a Palestinian state were to be created in the West bank and Gaza.

That possibility highlights the dilemma that faces Jordanian planners: does one plan the socia-economic development of the country on the basis of a large long-term Palestinian presence, or simply for the Jordanian population?

Higher wages

Should, for example, the country's educational and health facilities be projected into the future on the basis of a population that will grow slowly in the wake of a return of some Palestinians to their homes in Palestine?

The second major planning constraint emanates from the links between Jordan and the oil states to the south, where 300,000 Jordanian workers and another 400,000 family members are living at any one time, enticed by higher wages.

The inability to predict the long-term demand for Jordanian workers in the oil-producing states also hampers the decision-making process in Amman.

Will these 700,000 Jordanians return home soon? If so, given that the present population of Jordan is only 2.2m people, they will require social services and jobs on a massive scale.

Furthermore, in the wake of an Arab-Israeli peace settlement, which one may assume is a likelihood in the coming decade, the rationale for Jordan receiving about half of its annual budget in grants and loans from friendly Arab states will gradually disappear.

If the demand for Jordanian workers in the Gulf were to taper off, so would the $750m they send home in remittances every year—the biggest source of investment capital in the country.

Trying to plan the development of the country in this kind of uncertainty is frightfully difficult. The young economic planners of the country, including Crown Prince Hassan, National Planning Council president Hanna Odeh, Central Bank governor Mohammad Sa'id Nabulsi, Supply Minister Jawad Anani and a handful of others, have slowly worked out a strategy that revolves around exploiting Jordan's human and natural resources within a largely regional orientation.

The assumption is that Jordan will continue to be a provider of skilled manpower to the cash-rich Arab States. The logical strategy is then to try to channel the excess earnings of the private sector into manufacturing and service industries in Jordan, geared to the wider Arab market on the doorstep.

Simultaneously, available soft loans and grants from Arab and international sources are being invested in a series of large industrial and agricultural schemes that will from the heart of Jordan's export-or-ented productive sectors from the middle of this decade onwards.

This strategy is highlighted in the current 1976-1985 plan for social and economic development, whose main aims are an annual growth rate in gross domestic product of 12 per cent, narrowing the trade gap, and greater reliance on domestic revenues.

The overall investment target of 765m dinars (£514.8m) has already been surpassed, with 815m dinars already invested during the first four years of the plan.

Economic growth has been slightly below target, averaging about 8 per cent a year. Gross Domestic Product reached 550m dinars at factor cost by the end of last year.

This will increase sharply in the next three years, however, as the main industrial projects in phosphates, potash, chemical fertiliser, cement and oil refining reach full production, and the $2bn Jordan Valley development scheme is completed in the mid-1980s.

The aim is to reduce the trade gap to 131m dinars by the end of this year. This is totally out of the question. The trade gap has been steadily increasing to reach 460m dinars last year. Much of this reflects high capital import requirements to establish the industries mentioned above, but at least 40 per cent of imports are consumer goods.

Reliance on domestic revenues appears to be one target that is being met. Last year's domestic revenues of 181m dinars covered 62 per cent of the budget's recurring expenditures.

Overall, however, the national budget remains dependent on foreign loans and grants for about 50 per cent of its revenues.

The next five year plan, which starts in 1981, will probably include investment targets totalling more than 1.5bn dinars while paying more attention to projects in the field of social development.

As in the current plan, the private sector will be expected to foot half the investment bill, with the other half coming largely from soft foreign loans and commercial loans for self-financing schemes such as export industries, transport lines and hotel projects.

A greater proportion of credit for investments will be generated internally, and also from other Arab states' private sectors as institutional links between Jordanian and Arab capital markets are established.

The Government is unlikely to tamper much with the successful formula that has worked well in Jordan to date, by which the private sector is given free rein throughout the economy while the state concentrates its resources of infrastructural facilities and social services.

Given the enormous regional constraints and uncertainties within which the planning process must take place, Jordanian officials would be unnecessarily daring to rock a boat that has navigated the tempestuous waters of the Middle East with commendable stability to date.

Rami G. Khouri

Agriculture depends on use of limited resources

PLENTIFUL RAINS during the past winter will give Jordan one of those spectacular years for cereals production that it enjoys on the average of twice every decade. In fact, the country might cover over half of its grain requirements if the harvest yields the expected 200,000 tons of wheat and 60,000 tons of barley.

Despite this bountiful year, however, the long-term prospect for agriculture in Jordan remains captive to the ability of private farmers and Government planners to make intelligent use of their limited resources. This has forced a concentration on the expansion of irrigated lands in the highly fertile Jordan Valley and some upland areas, while trying gradually to shift marginal rain-fed areas to range-land and restricting cereals production to those regions, principally in the north, where annual precipitation is over 250 mm.

Knowing what should be done, and doing it, have proved two different things, though, and the attempt to bring about a permanent structural shift in the agricultural sector has been slower than officials had hoped. Wheat farming remains vulnerable to the vagaries of rainfall, as attempted by the abysmal 1978-79 crop year, when cereals production plummeted to 32,400 tons; vegetables totalled 353,300 tons and fruit yields were down to 98,700 tons. These figures reflected the fourth consecutive year of drought.

Irrigated

The current 1976-1980 five-year plan projected JD 112m ($370m) investments in the agriculture sector, which is certain to be surpassed. The private farming sector alone has invested JD 88m ($290m) during the first four years of the plan, while the Jordan Valley Authority has spent at least another JD 50m ($165m) in the same period. The result is a total irrigated area of 27,000 hectares, two-thirds of which is in the lush Jordan Valley, where, at the 300 metres below sea level, the climate permits farmers to produce three crops a year.

Dry-land farming covers about 500,000 hectares, with another 100,000 left fallow every year in the crop rotation schedule. But much of this land is marginal, and should either be terraced and converted to fruit trees if it is sloping, or left as range-land to support the country's valuable sheep population. Dr. Hassan Gharaybeh, the Under-Secretary for Agriculture, estimates that Jordan's 750,000 sheep population could reach 2m with improved pastures and fodder production in both irrigated and rain-fed areas.

Producing more meat would go a long way to narrowing Jordan's food trade deficit, which has been running at about JD 65m ($215m) per year and is increasing. The long-term aim is to increase exports of off-season fresh fruit and vegetables from the Jordan Valley, and to boost domestic sheep and poultry production to offset the chronic need to import wheat, barley and red meat.

Most experts agree that Jordan could balance out its food trade in the long run, and indications from the success of intensive farming systems in the Jordan Valley (plastic hot-houses, hydroponic growing, drip irrigation) suggest that this could be attained by 1985.

The target will be achieved largely by completion of the $1.5bn Stage II of the Jordan Valley integrated development scheme, focusing on the 350m cubic metres capacity Maqarin Dam to be built on the Yarmouk River in north Jordan. The dam will increase the irrigated area in the valley to a total of 33,000 hectares, while providing sprinkler irrigation networks for the entire valley, much of which is now irrigated by traditional, and wasteful, surface flood and furrow methods.

Last year, agriculture contributed 8.3 per cent of gross domestic product (JD 45m, or $149m), but the proportion should increase sharply in the next two years with the revenue from added production in the Jordan Valley.

Shortages

A weak point in the agriculture sector remains the marketing system, which tends to flood the local market at peak production times, and leave embarrassing shortages at others. Institutional structures to improve the farmer's income and meet the consumer's needs remain inadequate throughout the sector.

One aim of the recently-activated Higher Agricultural Council, which brings together officials from all agriculture-related bodies in the country, is to devise a long-term national marketing policy to meet local demand while allowing farmers to profit from the constantly high demand for fresh produce in the nearby markets of the Arab oil-producing states. Such a marketing policy should be greatly enhanced by three new packing, grading and marketing centres in the Jordan Valley, the first of which started work on a small scale earlier this month. The others will follow in the next two years.

Th key to Jordan's agricultural potential is clearly the optimum use of the country's limited water resources, via a series of existing and new dams. These will provide a maximum storage capacity of about 450m cubic metres of water by 1986, when the Maqarin Dam is completed. There is still much scope to increase storage of excess winter water by building more small dams along the many side river beds, and Jordan's experience suggests that raising international soft loans to finance such projects would not be a problem at all.

Rami G. Khouri

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Firestone omits payout in face of poor U.S. outlook

BY DAVID LASCELLES IN NEW YORK

FIRESTONE TIRE and Rubber, the loss-plagued tyre-maker, yesterday finally capitulated to mounting economic pressures and omitted its quarterly dividend. It thus joins Uniroyal, the ailing number three in the U.S. tyre industry, which has not paid a dividend since September 1978.

Firestone had already cut its dividend from 27.5 cents to 15 cents in the final quarter of last year and there were doubts that it could sustain this reduced rate this year.

Yesterday's decision was attributable to the company's need for operating capital in the face of losses and the poor U.S. economic outlook, Firestone said.

In the first two quarters of this fiscal year Firestone ran up losses totalling $66m, including $49m in costs for the closure of up to a quarter of its U.S. production capacity.

At the end of last month, when Firestone announced a $52m loss for the quarter, it warned that there was no *possibility of significant improvement* until the motor industry and the U.S. economy demonstrated sustained improvement.

Last month's car and truck sales were the worst of the ten-month-old motor industry recession in the U.S. and Detroit is now producing at its slowest June rate for more than 20 years, writes Ian Hargreaves.

More than a fifth of the tyre industry workforce has been laid off as a result of this collapse in sales and other longer-range strategic difficulties, such as the growing consumer preference for radial tyres, which much of U.S. industry capacity is not designed to meet.

Although some motor industry executives are hopeful that sales will pick up rapidly this autumn when Detroit's new models are launched, they know that the Government's attempts to ease credit restrictions for car buyers have not so far had any discernible impact on the sales figures.

Downturn brings lay-offs at Fiat-Allis

CHICAGO — Fiat-Allis Construction Machinery, jointly owned by Fiat of Italy and Allis-Chalmers, has announced cuts in employment and said it plans to relocate operations because of the slump in construction machinery sales.

The company said recent actions included lay-offs of hourly workers and permanent reductions in salaried workers at plants in Carol Stream, Deerfield, and Springfield, all in Illinois.

The cutbacks include a 20 per cent permanent reduction in salaried employment in non-plant related departments and a 10 per cent permanent cut in salaried employment at all plant locations.

The company announced a series of other cost-cutting moves, including the relocation of certain parts production, reduction of leased space, and relocation of some corporate functions to Turin in Italy.

In Moline Deere and Co., the farm and construction *equipment group, said it* would shut down manufacturing operations at its industrial equipment factories in Dubuque and Davenport, Iowa, for four weeks beginning on October 6, because of *reduced production schedules* caused by the slump in construction activity.

The shutdown would affect about 4,900 employees at the Dubuque factory and about 900 in Davenport, the company said.

The factories manufacture construction, forestry and utility equipment.

Agencies

Jewel sees improvement

CHICAGO — Jewel Companies, the supermarket operators, expects earnings in the year ending January 31 to exceed last year's $50.7m, or $4.54 a share. Mr. Richard G. Cline, the president-elect, told the annual meeting.

He said the company had seen softer food sales in some areas in recent weeks and that its Osco Drug unit had experienced some softness in sales in regional mall shopping centres. Osco's margins were continuing to improve

Mr. Weston R. Christopherson, the chairman elect, said Jewel's domestic sales were expected to reach $4bn this year against $3.76bn last year.

After the meeting Mr. Cline, formerly vice chairman, was named president, succeeding Mr. *Christopherson*, and Mr. Lawrence Howe, who was executive vice president for finance and law, was appointed vice chairman. Mr. Christopherson was elected chairman.

Reuter

Machine tool maker reports good demand

MONARCH MACHINE Tool continues to experience good demand for its machine tools, said Mr. Kermit Kuck, the chairman and chief executive. Reports AP-DJ from Sidney, Ohio.

He said that indications were that orders might be slowing down, but Monarch had an order backlog of about 18 months for machine tools and about 12 months' orders for its strip metal processing equipment. These backlogs would keep shipments at a high rate

Monarch expected "good" results for both the second quarter and full year, Mr. Kuck said, but the company would not show the same quarter-to-quarter gains as in previous years. Monarch traditionally had its poorest quarter in the first period, because the company paid, or made allowance for, many expenses during the first quarter.

In 1980, however, first quarter profit jumped to $2.6m, or $1.51 a share, from $1.2m, or 71 cents a share, a year earlier.

He added that it was too early yet to make a precise forecast of second quarter results, but that profits might be about the same as in the first quarter. That would be a gain of nearly 50 per cent from the $1.8m, or $1.03 a share, earned a year earlier.

There were too many uncertainties in the second half to make an earnings estimate for the full year, but the company expected to show a gain from 1979, he added. Last year, Monarch earned $9.1m, or $5.32 a share, on sales of $97.2m.

Humana shows jump in third quarter

By Our Financial Staff

HUMANA, the leading hospital management group, has reported a jump in net profits from $11.89m to $13.67m in its third quarter ended on May 31.

Revenues for the period rose from $294.1m to $366.5m and basic earnings per share were up from 60 cents to 90 cents.

For the nine months Humana, which almost doubled the scope of its operations with the 1978 take-over of American Medicorp, shows earnings ahead from $29.38m to $47.8m, exceeding the annual total of the previous year. Earnings per share came out at $2.27 against $1.45, while the nine-month sales total was $1.02bn compared with $836.6m.

For all of last year Humana recorded net profits of $40.89m, almost double the $22.1m *total for the year to* August 31, 1978.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Alcoa of Australia 10 89	50	97⅞	98⅛	−0⅛	+0⅛	11.06
Australian Res. 9⅞ 84	30	96⅞	97⅛	+0⅛	0	10.54
Beneficial Fin. 9⅞ 87 ..	100	94	94½	−1⅛	−0⅛	10.95
CECA Grad. Rate 12 86	100	100	100⅛	0	+0⅛	11.13
CECA 11⅞ 90	50	101⅛	101⅞	0	+0⅞	11.33
CECA 11½ 88	100	102⅞	103⅛	−0⅛	+0⅛	10.88
Canadian Pacific 9⅞ 89	50	95	95½	−0⅛	+0½	10.59
Carter Hawley 9⅞ 86 ...	50	94½	95	−0⅛	+0⅛	10.98
Continental Grp. 9⅞ 86	100	95⅞	96⅛	0	+0⅛	10.58
Danmark 11¾ 90	100	101⅞	102⅛	−0⅛	+0½	11.38
Dome Petroleum 13½ 92	50	105⅞	106⅛	+0⅛	+1⅛	12.49
EEC 11 95	75	98⅞	99⅛	−0⅛	+0⅛	11.15
EIB 11⅞ 92	80	100⅞	101⅛	0	+0⅛	11.56
EIB 13⅞ 90	100	109½	110	−0⅛	−0⅛	12.00
Eksportfinans 11⅞ 87 ..	50	102⅛	102⅞	+0⅛	+1	10.67
Export Dv. Cpn. 9⅞ 84	150	98½	99	−0⅛	+0⅞	10.11
Export Dv. Cpn. 12⅞ 87	100	107½	108	+0⅛	+0½	11.06
Federal Dev. Bk 12⅞ 85	75	105⅞	106⅛	0	+0⅛	10.61
Finland, Rep. of 9½ 86	100	94⅞	95½	−0⅛	−0⅛	10.72
Ford O/S Fin. 12⅞ 85...	250	101⅞	102⅛	−0½	−0⅛	12.05
George Weston 13½ 87	30	103½	104	0	+1	12.65
GTE Finance 9⅞ 89 ..	55	91	91½	0	+0⅛	11.34
GMAC 9⅞ 86	100	94⅞	95⅛	+0⅛	+1⅛	10.44
GMAC O/S Fin. 11 84	100	101½	102	−0⅛	+0⅛	10.45
GMAC O/S Fin. 13⅞ 85	100	107⅛	107⅞	−0⅛	−0⅛	11.28
Goodyear O/S 12½ 87...	75	99⅞	100⅛	−0⅛	+0⅛	12.49
IBM Canada 10½ 85 ..	50	101⅞	102⅛	−0⅛	−0⅛	10.00
ICI Fin. Ned. 11 83	100	101⅛	101⅞	−0⅛	+0⅛	10.38
Kennecott Int. 9½ 85 ..	100	90⅛	90⅞	0	+1⅞	11.85
McGraw 13½ 85	75	103⅞	104⅛	−0⅛	+1⅛	12.30
Michelin 10 84	125	92⅞	93⅛	−0⅛	+0⅛	10.99
Nat. Des. Telecom 9½ 86	100	96⅞	97⅛	0	+1⅛	10.19
Norway 9½ 84	150	97⅞	98⅛	−0⅛	+0⅛	10.09
Norwest Ind. 13⅞ 87	50	102½	103	0	+0⅛	12.98
Nova Scotia Pwr. 9⅞ 89	50	93⅞	94⅛	−0⅛	+1⅛	10.85
Quebec Hydro 11½ 92	100	99⅞	99⅞	−0⅛	−0⅛	11.56
Rowleese Ltd 11⅞ 85	50	102⅛	102⅞	+0⅛	+0⅛	10.58
SNCF 12⅞ 85	50	107	107½	−0⅛	+0⅛	10.40
Statoil 9½ 89	100	95⅞	96⅛	+0⅛	+1⅛	10.31
Swed. Ex. Cred. 12½ 85	40	104⅞	104⅞	0	+0⅛	11.20
Sweden 9⅞ 89 ...	100	95	95½	+0⅛	+1½	10.59
Sweden 9⅞ 84	100	98⅛	98⅞	0	+0⅛	10.15
Warner-Lambert 9 84	100	97⅛	97⅞	0	+1⅛	9.81

Average price changes On day −0⅛ on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Akzo 9 90	125	*102½	103⅛	+0½	+0⅛	8.55
Asian Dev. Bank 10 90	200	*109	109⅞	+0⅛	+0½	8.55
Australian 8⅞ 90 ..	250	*100⅞	101⅛	0	0	7.93
BFCE 7⅞ 87	100	*98⅞	99⅛	+0⅛	+0⅛	7.94
BFCE 8½ 95	100	*99	99⅞	+0⅛	+0⅛	8.19
Brazil 8 87	150	*92⅞	93⅞	+0⅛	−1⅛	9.33
CECA 7 91	150	*94⅛	94⅞	+0⅛	+2½	7.76
Council of Eur. 7⅞ 89	100	*94	94⅞	0	−0⅛	8.16
Denmark 7⅞ 86	100	*97⅞	98⅛	−0⅛	+0½	8.23
Denmark 8⅞ 92	100	*99½	100⅛	+0⅛	+1½	8.26
EEC 7⅞ 94	225	*98½	99⅞	+0⅛	+0⅞	8.00
EIB 7½ 89	200	*97⅞	98	−0⅛	+0⅛	7.88
Finland Rep. of 8 86 ..	150	*98⅛	98⅞	−0⅛	0	8.29
Kobe, City of 7⅞ 89	150	*95	95⅞	0	−0⅛	7.84
Neder. Gasunie 8 86 ...	100	*100⅞	101⅛	0	+0⅛	7.73
Norway 7½ 85	250	*99⅛	99⅞	−0⅛	+0⅛	7.62
OKB 7½ 89	100	*95½	96½	−0⅛	0	8.03
Oslo, City of 8⅞ 90 ...	20	*101½	102½	+0½	−0⅛	8.45
Sweden 8⅞ 87	200	*106½	107⅛	+0⅛	+0⅛	8.39
World Bank 7⅞ 91	400	*97⅛	97⅞	−0⅛	+0⅛	8.10
World Bank 7⅞ 90	250	*98	98⅞	+0⅛	+0⅛	8.11
World Bank 10 86	150	*107⅞	108⅛	+0⅛	+0⅛	8.17
World Bank 10 90	200	*109⅞	110⅛	+0⅛	0	8.46

Average price changes.. On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Argentina 5½ 89	80	93	93½	−2⅛	−2⅛	6.51
Aumar 5 89	60	92½	93	−0⅛	−0½	6.06
Bergen, City of 4⅞ 91...	40	95½	96	0	0	5.26
Bergen, City of 6 90...	50	†103	103½	0	0	5.57
BNDE 5 89	75	88⅛	88⅞	0	+0⅛	6.73
BMW Overseas 4⅞ 91...	100	92⅛	92⅞	0	−0⅛	5.14
Buhrm'n-Tetterode 7 90	40	105	105½	−0⅛	−0⅛	6.27
Chinese Nat. Tele. 4⅞ 89	100	95½	95⅞	−0⅛	+0⅛	5.01
CCCE 5⅞ 90	100	101⅞	102⅛	0	−0⅛	5.47
Copenhagen 4½ 91	80	90½	91	0	+0½	5.63
Council of Eur. 5 89 .	100	95½	96	+0⅛	+1	5.59
EIB 4½ 91	100	92	92½	0	−1	5.45
EIB 4⅞ 94	100	88½	89	−0⅛	+1⅛	5.54
Elet. de France 4⅞ 89..	100	94½	95	0	0	5.11
EMS 4⅞ 89	100	91⅛	91⅞	−0⅛	−0⅛	5.43
ENI 4⅞ 91	35	94	95	−0½	0	4.89
Int.-Amer. Dev. 4½ 89	100	92⅞	93	−0⅛	−1	5.53
Int.-Amer. Dev. 7 90	80	106⅞	106⅞	0	+0½	6.10
Jutland Tele. 5½ 90	50	100⅛	100⅞	−0⅛	+0⅛	5.41
Malaysia 5 89	20	90⅞	91	+0½	+0½	6.34
Nippon Tel. & T. 4⅞ 89	100	95⅞	95⅞	+0½	+0⅛	4.84
Nordic Bank 5 89	45	95⅞	96⅛	0	−0⅛	5.57
Norges Komm. 4⅞ 91 ..	100	92⅛	92½	−0⅛	−0½	5.27
OKB 4⅞ 91	100	91½	92	−0⅛	+0⅛	5.36
OKB 6 90	100	104⅞	104⅞	0	+0⅛	5.41
Oslo, City of 4⅞ 91 ...	100	90⅞	91⅛	+0½	+0⅛	5.48
Shikoku El. Pwr. 4⅞ 89	100	94⅞	95⅛	+0⅛	+0⅛	5.45
Voest-Alpine 4⅞ 89	90	95⅞	96⅛	+0⅛	−0⅛	5.32
World Bank 4⅞ 89	100	95	95½	−0½	−1	5.29
World Bank 4½ 89	150	92½	93	−0⅛	+0⅛	5.39
World Bank 4⅞ 91	100	93	93½	+0½	+1	5.43

Average price changes. On day −0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 5.6 83	20	91⅞	93½	+0⅛	0	8.29
Australia 6⅞ 88	20	89⅞	90½	−0⅛	+0⅛	8.35
EIB 7⅞ 89	12	95⅛	97⅛	−0⅛	+0⅛	8.34
Finland 5.6 83	10	91	91⅞	−0⅛	−0⅛	8.67
Finland 6.8 88	10	89⅞	90⅞	0	+0⅛	8.65

Average price changes On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Bell Canada 10⅞ 86 C$	60	95½	96	−0⅛	−0⅛	11.71
CIBC 13½ 85 C$	50	105⅛	105⅞	−0⅛	+0⅛	11.97
Cr. Foncier 10⅞ 84 C$	30	†92⅛	93½	0	−0½	12.57
Fst. Can. Inv. 10 84 C$	50	94⅞	95⅛	−0⅛	+0⅛	11.69
GMAC 12 85 C$	50	†100	100½	−0½	+0⅛	11.63
Quebec 10⅞ 85 C$	50	93½	95½	+0½	+0½	11.68
R. Bk. Canada 10 86 C$	40	94⅛	94⅞	0	−0⅛	11.35
R. Bk. Canada 10 94 C$	40	88⅞	88⅞	0	0	11.73
Tordom Cpn. 13½ 85 C$	30	105⅛	105⅞	−0⅛	+0⅛	11.97
M. Bk. Dnmk. 9 91 EUA	25	94⅞	96⅛	0	0	9.65
SOFTE 8⅞ 89 EUA	40	86⅞	88⅛	0	+0⅛	10.48
U. Bk. Nrwy. 9½ 90 EUA	18	97⅞	99	0	+0⅛	9.75
Algemene Bk. 8⅞ 84 Fl	75	96½	97	−0⅛	−0⅛	9.19
Ned. Gasunie 8⅞ 84 Fl	50	98⅛	99⅛	0	0	9.09
Ned. Middbk. 8⅞ 84 Fl	75	95⅞	96⅛	−0⅛	−0⅛	9.58
Norway 8⅞ 84 Fl	100	96⅞	97⅛	0	−0⅛	9.25
Norway 8⅞ 84 Fl	100	97⅛	97⅞	−0⅛	−0⅛	8.93
Philips Lamps 8⅞ 84 Fl	75	96⅞	97½	0	−0⅛	9.20
Air France 11 84 FFr	120	95	95⅞	0	+0⅛	12.63
CECA 14⅞ 86 FFr	150	104½	105⅞	+0⅛	+0⅛	12.90
Euratom 9⅞ 87 FFr	130	84⅞	86	+1⅛	+0⅛	13.07
Finland 11 84 FFr	85	93½	95	+0½	+0⅛	12.77
Finland 11½ 89 FFr	70	92⅞	93	−1⅛	0	12.87
Gaz de France 11 84 FFr	150	94	94⅞	+0⅛	0	12.71
IBM France 11⅞ 84 FFr	120	97	98⅞	−0⅛	+0⅛	12.54
Renault 9⅞ 85 FFr	100	85½	87⅞	0	+1	13.41
Saint-Gobain 9⅞ 86 FFr	130	85½	86	+0⅛	+0⅛	13.61
Solvay et Cie 9⅞ 87 FFr	125	82⅞	83⅞	−0⅛	+0⅛	13.65
Beneficial Fin. 14⅞ 90 £	20	100⅞	101⅛	+1½	+2	14.07
Citicorp O/S 13½ 90 £	50	100	100½	+1½	+2⅛	13.41
EIB 11½ 91 £	25	91⅞	92⅞	+0⅛	+0⅛	12.90
Fin. for Ind. 12½ 89 £	30	97⅛	97⅞	+0½	+0⅞	12.99
Fin. for Ind. 14½ 88 £	20	103½	104⅛	+1½	+2⅛	13.69
Gen. Elec. Co. 12½ 89 £	60	97	97⅞	+0⅛	+0⅛	12.93
Swed. Ex. Cr. 15⅞ 85 £	20	104⅛	104⅞	+1	+1⅛	13.87
Indonesia 8⅞ 91 KD	7	†93	93½	0	0	9.77
Mitsubishi 7½ 84 KD	10	†92⅛	93	0	0	9.75
Norges Kom. 7½ 82 KD	12	†97⅛	97⅞	0	0	8.53
Occidental 8½ 91 KD	7	†90⅞	90⅞	0	0	9.69
Akzo 9⅞ 87 LuxFr	500	92⅞	94½	0	+0⅛	10.44
Euratom 8 87 LuxFr	500	90⅛	91⅛	+0⅛	+1⅛	10.19
Euratom 9⅞ 88 LuxFr	500	97⅞	99⅛	0	+0⅛	10.47
EIB 9⅞ 88 LuxFr	600	97⅛	99⅛	0	+0⅛	10.17
Volvo 9⅞ 87 LuxFr	500	96⅞	97½	0	0	10.20

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅞ 87	0⅛	97⅛	93½	2/7	15⅛	15.41
Banco di Roma Int. 6 87	0⅛	100⅛	100⅞	29/10	15.31	15.22
Bank of Ireland 5⅞ 89	‡0⅛	98⅛	98⅛	21/6	11.81	12.01
Bank of Tokyo 5⅞ 89	‡0⅛	97⅛	98⅛	25/10	16.56	16.99
Barclays O/S Inv. 5 90	0⅛	98	98½	13/12	9⅛	9.23
Bergen Bk. A/S 6 89	‡0⅛	97½	97½	29/3	10	10.27
Bque. Indo Suez 5⅞ 89	0⅛	98⅞	99⅛	11/7	14.69	14.94
Citicorp O/S F. 6 94 ...	‡0⅛	98½	98⅛	8/9	10⅛	10.27
Citicorp O/S F. 83 ...	§‡0	99	99½	23/9	10.19	10.26
Citicorp O/S F. 84	‡0	92⅛	93⅞	30/8	9.81	9.96
C. Itoh 5⅞ 87	0⅛	100⅞	101⅛	18/9	13.44	13.22
Co-operative Bk. 6 86...	0⅛	98⅛	98⅞	15/11	11.44	11.60
Creditanstalt 5½ 91 ...	§‡0⅛	97½	98	14/9	9.44	9.65
CNT 5⅞ 86	§0⅛	101⅞	102⅛	16/10	19⅛	17.77
GZB 5½ 89	‡0⅛	98⅞	99½	1/3	15½	15.42
Jugobanka 8 89	0⅞	90⅛	91⅛	23/11	11⅛	12.77
Ind. Bank Japan 5⅞ 87	0⅛	101⅛	101⅞	15/10	13⅛	13.47
LTCB Japan 5⅞ 86	0⅛	99⅞	99½	13/12	9⅛	9.73
LTCB Japan 5½ 89	0⅛	98½	99	7/12	10⅛	10.25
Mfrs. Han. O/S 5⅞ 94	‡0⅛	97⅞	98⅛	21/8	9⅛	10.06
Midland Intl. Fin. 5 89	0⅛	99⅞	100⅛	20/6	15	14.98
Midland Intl. Fin. 5⅞ 92	0⅛	99	99½	5/12	10⅞	10.96
Nacional Fin. 6⅞ 88 ...	0⅛	98⅞	99⅞	25/7	14.69	14.89
Nat. West. 5⅞ 94	§0⅛	101⅛	101⅞	11/10	18⅞	18.35
Nippon Credit 6½ 88 ...	0⅛	97⅞	98⅛	12/7	14.44	14.73
Nippon Credit 5⅞ 87 ...	‡0⅛	97⅞	98⅞	6/8	14½	14.69
Royal Bk. Scot. 5⅞ 94	§‡0⅛	98⅞	99⅛	11/7	19½	19.70
Soc. C. de Bque. 6½ 87	0⅛	100⅞	101⅞	3/10	20.06	19.84
Sogenal 5⅞ 89	§0⅛	98⅞	98⅞	13/7	14.44	14.68
Standard Chart. 5⅞ 90	0⅛	101⅞	102⅛	6/9	17⅛	16.93
Sweden 8⅞ 91	‡0⅛	97⅞	97⅞	18/10	18⅞	19.10
Williams & Glyn 5⅞ 91	0⅛	100⅞	101⅛	14/9	18⅞	18.29
Bq. E. d'Alg. 4⅞ 89 SF	0⅞	25⅛	86⅛	18/8	6.69	7.78

Average price changes.. On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅞ 89..	10/79	145	†120	120½	+0⅛	−5.85
Ajinomoto 7⅞ 95	2/80	615.5	105⅛	106⅞	−0⅛	−3.17
Alco Int. Fin. 9½ 94 ...	1/80	40	94⅞	96	−0⅛	35.62
Apache P. Fin. 8⅞ 95...	12/80	31.68	†111½	112½	−0⅛	48.62
Asahi Optical 7 94	11/79	526.1	†99⅞	100½	−0⅛	−2.84
Canon 6⅞ 94	8/79	570	111⅞	112⅞	−0⅛	−3.17
Credit Suisse 4⅞ 93 ...	10/79	1778	101⅞	103⅞	−0⅛	+2.69
Daiei Inc. 6½ 94	11/79	927.3	97⅞	98⅞	0	19.91
DDKK 11 90	4/80	324	†113⅛	114⅛	−0⅞	10.11
Dynalectron 9½ 95	8/80	12.22	†108	109	+3⅞	1.99
Ensearch Fin. 9½ 94	7/80	30.25	114	115	+1⅛	4.93
LPC Internatnl. 8 83 ...	9/79	23.33	†101½	103	+0⅛	21.52
Meidensha Elec. 7 94...	12/79	210	†100	101	−0⅛	10.15
Mitsubishi Cp. 6½ 94..	10/79	549.1	†129	130½	−1⅛	2.73
Nippon Seiko 7⅞ 94	12/79	339	*111⅞	112⅞	−2	7.63
Nitto Elec. Ind. 6 94 ..	7/79	735	†85	86	+4⅞	6.60
Toshiba Cpn. 7⅞ 94 ...	10/79	198	100⅞	101⅞	−0⅛	−1.77
Union Bk. Switz. 5 89 ..	7/80	121.4	97⅛	98⅞	−0⅞	1.74
Fujitsu 5 84 DM	7/79	475	*101½	102⅛	+0⅛	9.30
Kansei Elec. 4 84 DM ...	4/79	1234	*86⅞	87⅞	+0⅛	34.19
Uny Co. 6½ 85 DM	11/79	1071	*95½	96⅛	+0⅞	25.04

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price *of acquiring shares via the bond over the most recent* price of the shares.

No dividend at Argus

By Robert Gibbens in Montreal

ARGUS CORPORATION, the major Toronto holding company which controls Massey-Ferguson and other com*panies, is omitting the 5 cent* quarterly dividend normally payable on September 1 on its class C and common shares.

The company said these dividends would be withheld to "strengthen the company's cash position."

Suit filed against Posner

MARLEY COMPANY, a leading water cooling tower and heat exchange equipment group has filed a law suit against Mr. Victor Posner, the Florida businessman, and four *of his companies, one of which* has bought an 11.2 per cent stake in Marley.

The suit was filed in U.S. District Court in Kansas against Mr. Posner, Summit Systems, Sharon Steel Corp*oration* NYF Company and Security Management Corporation, reports Reuter from Mission, Kansas.

Marley said the suit alleged that filings of information with the Securities and Exchange Commission made by the defendants concerning the purchase of Marley stock by Summit contained false and misleading statements and failed to disclose material facts.

Lay-offs at Continental

LOS ANGELES—Continental Airlines said it would be laying off about 1,200 employees, or 10 per cent of its workforce, as a result of a planned reduction of its passenger capacity by 20 per cent on September 8.

The company said it was reducing its flying time by about 16 per cent.

It said the lay-offs were prudent responses to the economic situation the U.S. was facing now and into 1981. They would enable Continental to remain competitive at a time when the airline industry was beset by rising operating costs and declining revenues.

AP-DJ

INTERNATIONAL CAPITAL MARKETS

Six dollar issues launched

BY FRANCIS GHILES

SIX EUROBOND issues totalling $605m, five of them with fixed interest rates, were launched in the dollar sector of the international bond markets yesterday.

Most of them offer investors a yield below 10 per cent, a psychological threshold beneath which most buyers are, for the time being, unwilling to go. "Investors have battened down the *hatches*," *commented one* senior new issue manager. "They are waiting for a lead from the New York market which has not yet come."

Thus, most of the issues announced yesterday were *quoted at discounts of* 1½-2 points in pre-market trading but there was no sign of any selling. Secondary market trading was described by most dealers as extremely quiet yesterday, with prices down ¼ point on average.

Among the new issues announced yesterday is a $150m 5½-year bullet issue for Canada's Export Development Corporation. Lead manager for the issue, which carries a coupon of 9½ per cent and has been priced *at par, is* Credit Suisse First Boston. The issue is pre-underwritten by the managers.

Pembroke Capital Corporation is raising $100m for seven years through Salomon Brothers. The bonds, which carry a coupon of 9⅞ *per cent and a price of par*, have been pre-underwritten by the managers. The borrower is the financial arm of Pembroke Cracking Company and is jointly owned by Texaco and Gulf Oil. The bonds are *guaranteed by Texaco and Gulf* Oil.

Exportfinans of Norway is arranging a $75m seven-year bond, which carries an indicated coupon of 9½ per cent, through Merrill Lynch and Den Norske *Creditbank*.

British Oxygen Finance NV, meanwhile, is arranging a $50m 10-year bond, with a coupon of 10⅛ per cent and a price of 99¼, through a group of banks led by Lazard Brothers and Swiss Bank Corporation. This issue, which offers investors a yield of 10.83 per cent is guaranteed by BOC International Ltd. This yield, which is higher if the selling group discount is taken into consideration, is in line with *what can be obtained* on other bonds for well-known industrial names in the secondary market. The issue is pre-underwritten by the nine managers of the issue.

Continental Illinois Overseas *Finance NV confirmed it was* raising $150m for six years with a coupon of 9⅞ per cent through Continental Illinois Ltd and Goldman Sachs. The bonds are guaranteed by the parent company.

Alusuisse Capital, meanwhile, is arranging a $80m 13-year convertible bond, which carries an indicated coupon of 6¼ per cent, through Credit Suisse First Boston and UBS (Securities). A conversion premium of 5 per cent is expected and the bonds are convertible into bearer participation certificates. The offering period closes on June 26.

In the Swiss franc sector, New Zealand has completed a SwFr 100m six-year private placement with a coupon of 5⅞ per cent through Union Bank of Switzerland.

In the yen sector, Thailand has completed a Y10bn 10-year bond which carries a coupon of 9.2 per cent and a price of 99.9. Lead manager is Nomura Securities.

The Y15bn seven-year bond for the Republic of Finland was priced at par by the lead manager, Daiwa Securities, after the coupon had been cut by ¼ per cent to 8¾ per cent.

Canada financial futures agreed

TORONTO—The Ontario Securities Exchange Commission has approved a plan to establish facilities for trading 91 day Canadian Treasury bills and 18 year, 9 per cent Canadian Government bonds. Trading is expected to begin by September.

The Toronto Stock Exchange's plan received a setback late last week when the Ontario commission disagreed with parts of the proposal, notably a restriction on participation by foreign companies.

The Exchange quickly made modifications, including removal of the limit on foreigners, and received swift regulatory approval for operations for at least one year.

At present, there are no financial futures markets in Canada, although the Winnipeg Commodity Exchange and the Montreal Stock Exchange both plan to set up such trading facilities. As a result, some Canadian banks and financial institutions currently use U.S. markets for hedging purposes.

The Toronto Exchange's plan was drawn up over an 18 months preparatory period, which included consultations with the Bank of Canada and the Canadian Government's Department of Finance.

● Brascan, the holding company with interests throughout Canadian industry, has completed the previously proposed transfer to the Bank of Montreal of its interest in the Brazilian holding company which owns all the shares of Banco Brascan de Investmento of Brazil.

The transaction was effected by an exchange of shares involving 1.4m common shares of Bank of Montreal and 490,000 shares of preferred stock of a wholly-owned subsidiary of Bank of Montreal. Th enumber of preferred shares to be issued is subject to final adjustments.

AP-DJ

Pressure on margins at Levi Strauss

By Our Financial Staff

LEVI STRAUSS, the world's *largest apparel group which is* best known for its jeans, again saw profit margins under pressure in its second quarter to May 25, but managed to post a 16.7 per cent increase in net profits to $52.3m.

Sales for the quarter were ahead by 36 per cent from $494.5m to $673.6m and Mr. Peter Haas, the president, attributed the pressure on margins to higher advertising and marketing expenditures, higher than normal price mark-downs and to discontinued operations in the Diversified Apparel Enterprises group, which is the new title for Koracorp Industries, an apparel group acquired for $71m in September last year.

Earnings per share for the quarter were $1.25 against $1.10, and for the half year net profits were up 23 per cent to $101.6m ($2.42 a share) from $82.6m ($1.95) on sales 43.5 per cent ahead at $1.28bn.

Mr. Haas, said that while the inflow of orders had slowed recently the third quarter would show favourable progress.

He also noted that because of brief shutdowns of various European facilities, international inventories at the end of the second quarter were reduced to 151 days' sales from 171 days at the end of the prior quarter.

Builders' suppliers feel slump

CANADIAN BUILDING materials manufacturers say they are feeling the pinch of the slump in Canadian and U.S. housing construction and forecast a bleak profit picture for 1980.

North American sales are down 30 per cent, says Mr. John Clarke, marketing vice-president of American Standard, a division of Wabco Standard of Toronto. The company, one of Canada's largest plumbing fixture manufacturers, says it expects a one-week shutdown, with lay-offs to follow. With uncomfortably high inventories, manufacturers expect to see their sales drop sharply.

Canada Mortgage and Housing Corporation reported in May the worst annual figures for housing starts since 1961. There were 125,400 housing starts in 1979 and it is unlikely to improve, officials say. A senior corporation officials says that expected housing starts of 160,000 in 1980 will make it the worst year since 1966. The situation is not helped by a similar slackening of housing construction in the U.S. That means that manufacturers who export to the U.S. are no better off than those catering to domestic markets.

But not everyone is losing as high mortgage rates discourage people from buying new houses. The interest in renovating houses has helped some companies to offset the construction slump. The renovations market is counter-cyclical to the housing market, says Mr. Paul Millyer, spokesman for Montreal-based Building Products of Canada. Another factor, he says, is increased consumer interest in conservations and insulation.

AP-DJ

St Gobain restructures holding in Machines Bull

BY TERRY DODSWORTH IN PARIS

THE DIVERSIFIED French conglomerate, Saint-Gobain-Pont-a-Mousson, is increasing its control over Cii Honeywell Bull, the country's main computer company, in a move which also rationalises its high technology interests.

The effect of the deal is to bring together Saint-Gobain's financial interests in Cii with the 20 per cent shareholding it recently acquired in Olivetti, the Italian office equipment company. These two participations will be held through Machines Bull, a quoted French company which at present exists only as a holding operation for Cii Honeywell Bull.

The basic financial structure of Cii Honeywell Bull will remain unchanged, with 53 per cent held by Machines Bull and 47 per cent by the U.S. group, Honeywell Information Systems, part of the Honeywell group. But the shareholdings in Machines Bull will change substantially by means of a capital increase that will push up Saint-Gobain's stake in the company from its current 20 per cent to 51 per cent.

This share issue from Machines Bull lies at the hub of the reorganisation, since it will be made in return for the takeover of a Saint-Gobain financial subsidiary, Cadamas, which holds the 20 per cent Olivetti shareholding. Machines Bull thus becomes the direct owner of Saint-Gobain's Olivetti stake as well as Saint-Gobain's interests in Cii.

Because the issue is reserved to Cadamas shareholders, the French state interests in Machines Bull will be consequently reduced from 20 to 10 per cent, while bank shareholdings will also fall to 10 per cent and those of private investors to 29 per cent. Machines Bull shares responded to the news yesterday by moving up by almost FFr 2 to FFr 60.70 ($14.77).

Earnings setback at PKbanken

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SWEDEN'S LARGEST commercial bank, the state-owned PKbanken, made a profit of SKr 142m ($34.22m) on its banking operations in the first four months of the year, a drop of 43 per cent compared with the same period of 1979.

The consolidated result fell by 41 per cent to SKr 157m, with the financing and factoring operations improving earnings by 27 per cent.

The decline in profits had been expected after the tightening of Swedish monetary and credit policy last autumn. While the bank's overall income fell by 7 per cent, its personnel and other costs climbed by 15 per cent.

Net interest income dropped by 11 per cent to SKr 469m. The higher discount rate and the rise in the rates paid on the so-called special deposits by companies were the main reasons for a fall of 0.62 percentage points to 2.02 per cent in the bank's placement margin.

The management, however, expects to stem the profit slide during the rest of the year.

For the whole of 1980, the operating result for the banking sector is forecast to be about 20 to 25 per cent below the 1979 figure of Skr 758m.

In contrast to the domestic setback, PKbanken improved earnings from its foreign business by more than 25 per cent to SKr 22.7m in January-April.

Sales and profit growth for PUK

PARIS — Sales of the Pechiney Ugine Kuhlmann (PUK) metals and chemicals group for the first four months of this year showed an increase of 30 per cent on the same 1979 period, and earnings growth was even faster.

M. Philippe Thomas president of PUK, said at the annual general meeting that sales for the first six months of this year would be about 27 per cent above those for the first half of 1979, and at the same time the group's profitability would improve.

In the first quarter of 1980 turnover was FFr 10.3bn ($2.5bn), compared with FFr 7.9bn in the same 1979 period.

Most of the group's divisions would experience sustained growth over the next few months, M. Thomas said. He added, however, that a deceleration in the last four months of the year was to be expected, as the economies of the major industrialised nations cool down.

M. Thomas said that the forewarnings of an economic slowdown had already appeared in Europe, suggesting a recession as deep as that experienced in the U.S.

In the U.S., he said, PUK's subsidiaries had seen a drop in new orders, but the impact on their activity levels would be limited in view of the size of their order books.

Orders on hand for turbine blades at Howmet Turbine Components, for instance, represented more than a year's normal turnover, M. Thomas said, although he conceded that the company had been forced to lay off 10 per cent of its workforce since May.

M. Thomas said that Ugine Aciers, the group's specialty steels division, had reduced its costs by 35 per cent between 1977 and the first half of 1980.

Asked to comment on the future of Ugine Aciers with regard to the French Government's plan for restructuring the specialty steels industry, M. Thomas said the plan's objective was to bring together the major producers under the wings of the two biggest steel groups in France, Sacilor and Usinor.

Details of the plan are expected to be made public within the next few weeks.

AP-DJ

Shell and Esso boost Dutch spending

By Charles Batchelor in Amsterdam

ROYAL DUTCH Shell and Esso have agreed to invest Fl 36bn ($18.6bn) in the Netherlands over the next 10 years in return for a government agreement not to take a larger share of their profits on gas.

The two companies, which have a quarter share each in the country's natural gas output and earnings, have agreed to meet economics ministry officials at least once a year to review the progress of their investment spending.

Royal Dutch and Esso will each earn about Fl 7.7bn from their gas operations, including Fl 2bn as a result of the increase in prices since developments in Iran, Mr. Gijs van Aardenne, the economics minister, told parliament.

The Government, which already takes a 85 per cent cut of the companies' gross gas earnings, decided increased investment would do more for the economy than a larger government participation in profits.

BORROWER PROFILE

THAILAND

Room for further borrowing

BY DAVID DODWELL IN HONG KONG AND PETER MONTAGNON IN LONDON

YESTERDAY'S LAUNCH by Nomura Securities of a Y10bn, ten year Samurai bond for the Kingdom of Thailand should bring to a close, for the current fiscal year to September 30, the country's public sector borrowing on international capital markets. Concurrently Thailand is arranging a $310m Eurocredit, the largest it has ever raised.

The Samurai bond carries a coupon of 9.2 per cent and is priced at 99.9 to give conditions similar to those recently obtained by Brazil, while the credit bears a flat margin over Libor (London interbank offered rate) of ¾ per cent for eight years.

This gives Thailand somewhat finer terms than South Korea was able to obtain even before the latest political troubles there. In February, Korea's Exchange Bank raised a $500m credit at a split spread of ⅞-⅝ per cent.

Although Thailand has been borrowing more on international markets of late, it is still relatively underborrowed compared with other Asian countries and banks have room to increase their exposure. According to the latest OECD figures Thai borrowers raised $305m in publicised Eurocurrency credits during the first four months of this year compared with $287m in the whole of 1979. In May it also raised a $100m credit, with the proceeds destined for military spending.

Last year the Kingdom also issued a Y10bn, 8.8 per cent bond through Nomura Securities, while Thai borrowers placed $130m worth of floating rate notes in the dollar market.

According to the Bank for International Settlements, Thailand's gross external borrowings from commercial banks amounted to $3.04bn at the end of last year, while its reserves were put by the IMF at SDR 1.49bn. By contrast Korea's borrowings stood at $10.29bn and its reserves at only SDR 2.26bn.

None the less, General Prem Tinsulandon Prime Minister of Thailand for just three months, must see the country's severe economic problems as a critical test of his leadership. His predecessor, General Kriangsak Chamanand, was toppled in large part because of his failure to resolve them.

Central to Thailand's economic problems is a chronic balance of payments deficit, high inflation, and a growing debt service burden.

These problems are aggravated by a widening wealth gap between Thailand's urban population—which basically means those living in the capital, Bangkok—and the rural poor. Around 25 per cent of Thailand's population lives below the line of absolute poverty, as defined by the World Bank.

The conflict in neighbouring Kampuchea, coupled with the strains created as a result of a heavy refugee inflow, has damaged the confidence of foreign investors.

Thailand's balance of payments deficit was Baht 7.9bn ($385m) in 1979, uncomfortably large, but 40 per cent better than predictions made last autumn. At the root of this deficit is the energy import bill—Thailand is the fifth largest oil importer in the developing world.

Flight of capital

Energy imports last year cost $1.8bn, consuming all earnings from the country's top four exports—rice, tapioca, sugar and rubber. Even before the latest round of oil price increases, Government economists were predicting that energy imports would cost at least $2.5bn this year. A refining capacity shortfall of about 70,000 barrels a day forces Thailand into heavy purchases of refined oil products, often on the expensive spot market.

Inflation in 1979 came close to 20 per cent, and there are no signs that it will fall in 1980. The money supply grew by about 19.5 per cent, and there was serious concern over the flight of capital from the country in the last few months of 1979.

Modification of the long established usury law, which had for many years put a 15 per cent ceiling on local interest rates, helped to staunch the flow. The recent decline in U.S. interest rates has also helped to make domestic interest rates more attractive.

Thailand also carries a heavy debt repayment burden. This is a direct consequence of a government policy adopted in the mid-1970s to aim for capital-intensive growth, involving numerous heavy industrial projects. As a result, debt servicing charges now equal 17 per cent of all exports and are expected to account for more than 20 per cent by 1985.

In spite of these economic problems, international confidence in the Thai economy has remained relatively strong. Economic growth in 1979 was almost 7.5 per cent.

Thailand is also the only country in South East Asia to be self-sufficient in food. It is a net exporter of rice—2.6m tons in 1979. Only the U.S. exports more.

A slump in international confidence that might have accompanied the overthrow of General Kriangsak was averted—in part because of the statesmanlike way in which General Kriangsak stood down and in part because of the high standing of his successor and confidence in the team he appointed.

A key figure among these is Mr. Boonchu Rojanasthien who, with the title of Deputy Premier for Economic Affairs, is effectively Finance Minister. As well as being deputy leader of the Social Action Party, the nation's strongest political grouping, he is a former Finance Minister, and on his latest appointment, relinquished the positions of chairman of the powerful Bangkok Bank, and of the Thai Bankers' Association.

It is generally believed that if Mr. Boonchu cannot solve Thailand's economic problems, then no one can.

He has declared his intention to shift Thailand from a growth path of import substitution to growth fostered by export promotion. He promises a new role for multinational companies, which have long been viewed with suspicion and even antagonism inside Thailand.

He says that he will trim subsidies and lower tariff walls (at present, these account for 17 per cent of the value of manufactured imports, while export incentives account for just 2-3 per cent of the value of manufactured exports). He promises he will help foreign companies to by-pass the cumbersome bureaucracy which has in the past kept many potential investors away. He promises minimum wages as an alternative to price subsidies, and is committed to channelling more funds into the country regions.

Need for borrowing

Boonchu acknowledges the need for heavy international borrowing, but clearly prefers commercial loans to the IMF standby credit arrangement, which was discussed at length between IMF officials and officials in the Kriangsak Government in December last year. Boonchu dislikes the conditions built into such an IMF loan package, and prefers to see the IMF as a lender of last resort in the most literal sense.

Despite his reluctance to borrow from the IMF, fund officials who have recently held talks with Boonchu seem confident about his economic plans.

Thailand is one of the top ten borrowers from the World Bank, and it is clearly important that Bank officials see Boonchu as receptive to their ideas. The World Bank channelled about $600m into Thailand last year.

As the Thai Government prepares its next five-year-plan, due to begin next year, so it will be looking closely at a three-part development programme which has been prepared by the bank. This involves programmes of industrial development energy adjustment, and agricultural development.

Thailand has two difficult years ahead, senior development agency officials say. They feel confident that if Mr. Boonchu is able to apply his economic policies, Thailand can be quickly on the path of rapid economic growth.

Sharp upturn for Fedvolks

BY JIM JONES IN JOHANNESBURG

INTERNAL GROWTH and acquisitions helped lift profits of Federale Volksbeleggings (Fedvolks) to record levels in the year ended March 31. The South African industrial group's taxed attributable profit rose to R16.1m ($21m), up 74.7 per cent compared with annualised figures for the previous 15 months. Turnover rose 60.4 per cent to R730m ($944m).

The management, whose previous forecasts have been cautious, expects good results for the current year. Further growth is planned on the basis of gradually weeding out minority investments and concentrating activities in consolidated operations.

During fiscal 1980 a minority stake in Trek, a petroleum products distributor, was sold. In January, Fedvolks increased its holding in Massey-Ferguson's South African operation to 75.1 per cent from 30 per cent, while the Canadian parent of the agricultural equipment manufacturer retained 24.9 per cent.

Shortly before the end of the financial year Fedvolks ended up with an indirect stake of over 50 per cent in the group formed by the merger of Sentrachem, the country's second largest chemical company, and Federale Kunsmis, a fertiliser manufacturer. This will allow Fedvolks to consolidate Sentrachem's earnings.

Dividends totalling 22 cents have been declared from earnings per share of 66 cents against a payout of 21 cents from earnings per share of 48.4 cents in the preceding 15 months.

Eurodif near Iran settlement

BY OUR PARIS STAFF

AN AMICABLE settlement to the row over the Iranian stake in Eurodif, the French-controlled Iranian uranium enrichment consortium, seems to be in sight following the visit of an Iranian negotiating team to Paris.

Instead of trying to withdraw their participation in the consortium, as they have been threatening for several months, the Iranians now seem prepared to stand by their financial commitments. But they want to reduce substantially their offtake of the enriched material because of the severe reduction in their nuclear power programme.

Although no agreement has yet been signed, the French side appears hopeful that a settlement along these lines can be reached despite the political situation in Iran. For the time being, however, the Iranian finance in Eurodif remains frozen by a French commercial court following action by the company against its shareholder.

A settlement with Iran would clearly ease Eurodif's financial situation at a time when it is still investing heavily in its FFr 22bn ($5.2bn) treatment plant without substantial sales to offset its costs. Recently, the company's financing programme suffered a setback when its Italian interests lowered their stake from 25 per cent to 16 per cent—a reduction caused, like the Iran proposal, by the cutback in the country's nuclear power plans.

The French nuclear fuels concern, COGEMA, has stepped into the breach caused by the Italian withdrawal, increasing its shareholding from 42 to 51 per cent, while the Belgian and Spanish interests continue to hold about 11 per cent each.

France, however, is already spending heavily enough on its nuclear power programmes to want to avoid additional financial commitments.

McIlwraith raises stake in Overseas

By James Forth in Sydney

McILWRAITH-DAVEY INDUSTRIES, the hardware group, yesterday lifted its stake in Overseas Corporation, the household products and building materials group, to 28.7 per cent despite a plea from the directors for major shareholders to retain their shares.

At the same time another buyer appeared on the sharemarket in opposition to McIlwraith and bought more than 5 per cent of the capital. McIlwraith's opponent is thought to be Adelaide Steamship Company and the shares were purchased at A$1.40 each compared with McIlwraith's on-market bid price of A$1.35.

Adelaide is one of the most acquisition-minded companies on the stock exchange lists. Only last week it revealed a 13.5 per cent stake in Bruck Australia, the Victoria textile group. But Adelaide also found itself on the receiving end when Howard Smith, the diversified industrial group, lifted its long-standing shareholding from 10 per cent to 14 per cent through market purchases, with the intention of going to 20 per cent.

The directors of Overseas yesterday again advised shareholders not to sell as a reconstruction was well under way and would provide substantial benefits for all shareholders.

They warned institutional holders that acceptance of McIlwraith's offer would frustrate the company's attempts to secure a better price than A$1.35. They also said that if the bid was thwarted for the time being there could be no reasonable expectation that McIlwraith would ever fulfil any "escalation agreements."

McIlwraith made its first move in mid-May buying 13 per cent of Overseas and blocking a proposed A$65m (U.S.$75m) merger with Metro Meat, a meat and cold stores group. It subsequently agreed to stand in the market for one month and take all shares offered at A$1.35.

This market offer closes on Friday but McIlwraith intends to extend a formal takeover bid.

McIlwraith directors disclosed yesterday that one of the purchases from an institution involved a consideration of one McIlwraith share plus A$4.25 cash for each five Overseas shares, equivalent to A$1.35 a share. This share and cash alternative will also be included in the formal offer.

Kyushu Electric loss

Kyushu Electric Power Company suffered losses of about Y6.38bn ($28.5m) in the year to March compared with a Y20.18bn net profit in the previous year. Sales went up to Y612.025bn ($2.8bn) from Y548.659bn in the previous year. The net loss per share was Y18.70, compared with a Y78.30 net profit.

Amatil makes offer for Steggles

BY OUR SYDNEY CORRESPONDENT

AMATIL, the diversified tobacco and food group, has tightened its hold on the Australian poultry market with a A$38m (U.S.$44m) takeover bid for the New South Wales-based Steggles Holdings. The offer is A$2.95 a share and is subject to approval by the Foreign Investment Review Board.

Amatil is 40 per cent owned by UK-based British American Tobacco group and has sought naturalisation status under the Australian Government's investment guidelines. Amatil is already entitled to 35.4 per cent of the capital of Steggles, including the 17.9 per cent held by the directors. The board recommend shareholders to accept the bid.

Steggles' operations range from frozen chickens, turkeys, and ducks to the Big Rooster take-away barbecued chicken stores. Amatil already holds 49 per cent of the Golden Poultry farming group and the acquisition of Steggles would give it more than 15 per cent of the national poultry market.

The offer price compares with a pre-bid price for Steggles on the Sydney sharemarked of A$2.35.

* * *

MYER EMPORIUM, Australia's largest department store retailer, expects profits to fall this year. The directors said yesterday that unseasonally warm weather in the third quarter hit sales.

Earnings for the January half year dropped by 12 per cent from A$23.2m (US$26.6m) to A$22.7m.

Small gain for Indian cement producer

BY R. C. MURTHY IN BOMBAY

PRODUCTION OF Shree Digvijay Cement Company slipped by 2.7 per cent in 1979 but profits increased marginally and the dividend was raised to 15 per cent from 14 per cent.

Cement production fell to 947,875 tonnes from 974,031 tonnes in 1978 because of external constraints including a a coal and power shortage.

Net profit rose 7.6 per cent to Rs 29.8m ($3.8m) from Rs 27.6m because of a cement price increase allowed under the Government's cement pricing and distribution policy. It is administered by a system of three-tier prices for producers, varying according to the cost of cement production, and a consumer price uniform throughout the country. The difference is funded by a price equalisation account.

The Government is committed to allow a 12 per cent after-tax return on net worth for capital-intensive industries to encourage investment. With the Government differing from the cement industry on the extent of cost escalations, and the delay in allowing higher prices, new cent plants have not realised the promised return.

Despite this Shree Digvijay has secured Government permission to set up a cement plant with 1.2m tonnes capacity in Rajasthan.

Shree Digvijay is owned by the Bangur group which ranks fifth in terms of assets among the business houses.

BUEHRMANN-TETTERODE PRESENTS ITSELF IN LONDON ● BY WILLIAM COCHRANE

Fresh hopes for shareholders

OVER the last few years the story which Buehrmann-Tetterode, the Dutch paper, printing machinery and wholesaling group, has had to tell institutional shareholders has not been a happy one. It is one of industry and achievement but also of a specific calamity and little joy for shareholders over the last decade.

But on Friday in London, when B-T offers the company as an investment medium, the tale could be a different one. The management now have hopes which could prove a tonic for the share price.

B-T is the product of a merger in 1963 between G. H. Buehrmann, graphic paper wholesalers, and Tetterode, printing machinery distributors. But the merger was not a marriage until the arrival of Mr. A. W. Overwater, chairman of the board of managing directors, in 1970. Mr. Overwater is an innovator, a contrary thinker and a man who seems to inspire more than cautious respect from his senior colleagues.

B-T's A. W. Overwater: innovator and contrary thinker.

He took B-T into manufacturing in 1972 and the industry, paper, could hardly be classed as a universal choice. As Mr. Henry Poole of London stockbrokers Laing and Cruickshank puts it, the paper industry even then was characterised by "years of appalling profitability, broken by the occasional artificial boom." But B-T went in with its eyes open and Mr. Overwater points out that it has enjoyed volume growth each year in the paper and packaging industries in spite of the cyclical nature of the business.

There are good reasons why: vertical integration based on waste paper instead of imported pulp; harnessing new technology; good marketing; and, above all, good management, relating capacity additions to attainable cash flow, rather than to hypothetical prices at the peak of the cycle.

B-T now has a balance between capital intensive papermaking and packaging operations, and wholesaling businesses where fixed assets are small and working capital investments can be reduced quickly on any downturn in trade.

Observers reckon that the management has done a good job in getting any sort of earnings and dividend growth since 1974, a boom year for paper and paper-based industries.

But B-T's self-confidence must have been shaken during the past three years by the results of a project that was only slightly outside its own ground, in terms of both its geographic location and its industrial competence.

The Mont Saint Guibert (MSG) mill in Belgium was acquired to compete with imported kraft liner, using indigenous waste paper and timber from the Ardennes. A 50 per cent fall in the dollar price of kraft and a 30 per cent appreciation in the guilder against the dollar took MSG out of the game. In 1979 MSG's operating loss was Fls. 10.7m (£2.35m) and a non-recurring net loss of Fls 7.8m arising from the closure of its cellulose plant was charged against miscellaneous income.

Otherwise earnings would have been up by 25 per cent, instead of falling slightly—from Fls 41.5m to Fls 41.3m—for the first time in five years. But what might have been seems scant consolation for what has happened: 1975/79 cumulative rises of 55 per cent for cash flow, 27 per cent for net profit and only 17 per cent for dividends. The share price reached *a peak of* Fl 78 in 1979 against Fl 77.50 in 1975, with lows of Fl 55.10 and Fl 58 respectively. It was Fl 54 before the results earlier this year and the recovery since then—to the mid-60s—does not put a high value on B-T's fully diluted 1979 earnings of Fl 10.40 a share.

Mr. Philip F. Kothals Altes, secretary to the managing board, is undaunted. The cash flow pattern, he says, was necessary to ensure long term profitability: "Capital expenditure of the past five years will be important for dividends in the future."

B-T diversified into papermaking in time for the industry's 1974 boom, and made a lot of money from it. But it had to spend a lot in the process, hence a decline in the payout ratio from over 60 per cent in 1970 and 1971 to under 50 per cent (*and still on a declining* trend) in the past four years.

Shareholders' funds rose from Fl 375m to Fl 405m in 1979 and Mr. Altes pointed out that despite MSG, this was ahead of *the* 4½ *per cent domestic* inflation rate in the Netherlands last year.

However, B-T has its financial management problems. Take the relationship of equity to invested funds: in 1970 it was Fl 180:308, a 60 per cent equity ratio, whereas last year it was Fl 405:987, or nearer 40 per cent.

So B-T is highly geared, and it knows it. Last year capital expenditure fell from Fl 85m to Fl 72m. Spending, says the management, grew more slowly than shareholders' funds—partly because they had already recognised that the debt:equity, and the capital spending:cash flow ratios were getting too high.

That is good news, of a sort, but there is better news of earnings. Group sales, Fl 2.15bn last year, have been rising at a rate of over 20 per cent in the first five months of 1980. The Mont Saint Guibert operating loss is expected to drop from Fl 10.7m to Fl 3m and the result could be a rise in earnings per share of up to 30 per cent.

B-T also has a convertible loan which could add 632,000 shares to the 3.6m outstanding. It might want to get this converted early, even forcibly, in 1981 or 1982. B-T needs a share *price over the conversion price* of Fl 80, and it might be willing to pump up the payout ratio again to make conversion a more attractive deal.

A first impression, given a market like Amsterdam where banks, in their stockbroking function, have about 70 per cent of the equity market, is that an increase in the number of shares outstanding could be positively beneficial.

Even as things stand, Amsterdam could be a useful market for the shares. B-T calculates that 3,000-5,000 shares a day can be traded there without disturbing the market price, and 3,000-5,000 at Fl 65 is something like £40,000 to £60,000—"enough," said one London dealer, "to make it interesting."

There is another wrinkle. In a stock market, oversupply of shares can be a problem worse than the reverse. B-T did acquire a lot of family companies in the early- and mid-1970s. Its issued share capital went up by nearly 50 per cent between the end of 1969 and end-1977.

Family shareholders tend to be weak holders of the acquiring company. Some of the B-T's held, but a lot more sold. No further shares have been issued since 1977.

Now the whole scenario could be wrecked by international recession. "In the 1980s," said Mr. Altes, "B-T cannot expect the same autonomous growth as it had in the *previous decade.* Competition will be very fierce."

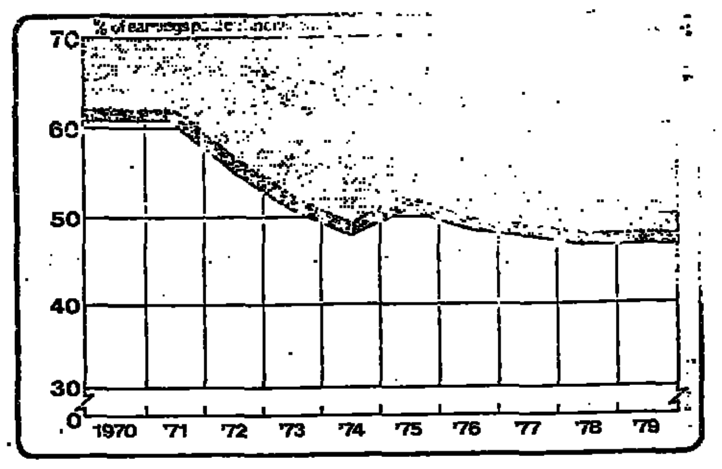
The weakness of domestic competititors like Van Gelder and KNP cannot be as important for B-T, given its size and increasingly international ambitions, as their relative strength was in the past. With money costing what it does, there must be some question mark over B-T's immediate growth prospects as a sole agent for printing machinery: and while its leasing operation is off-balance sheet—being owned 50 per cent by B-T and the other half split between Bank Mees en Hope and the Nederlandsche Middestansbank—it serves to point up the high-cost nature of this *sector of the group.*

Nevertheless, the odds are that B-T will survive this recession in good shape, as it did the last. The question is what it will do in the future.

Given its size in relation to its domestic market, B-T's ambitions have to be international. The group has made a policy decision to increase the ratio of its turnover outside the Netherlands; Dutch first, the numbers were 53:47 last year *against* 56:44 the year before and 57:43 in 1977. About 20 points of last year's foreign 47 were accounted for by exports from Holland, but that only seems to combine the national and corporate interests.

On the international front, the keynote was Western Europe in the 1970s. The decade ended with growth almost non-existent in the sub-*continent* and, for B-T itself, the Belgian debacle.

To some B-T may have enhanced its management reputation by the way it has pulled Mont Saint Guibert around—suspending cellulose production, reducing the workforce, rebuilding the pulp and paper machine to make special waste-based products and doing market research into possible new outlets.



B-T itself just seems relieved that the results of MSG no longer need be separately reported. "MSG," they say, received an "inappropriate" amount of attention from the Dutch financial community.

Its Belgian problems have made B-T think very carefully indeed about expansion, say, into the U.S. Taking it a sector at a time, Mr. Altes said that waste-based paper knowhow meant little on a continent rich in timber; in graphic and related *sole* agencies, there are many U.S. agencies with their own sales organisations, and wholesaling of graphic paper and stationery is part of a more integrated *structure* over there.

Wholesaling stationery products, and publishing (the latter being a separate and increasingly important division) is possible in the U.S., *but,* said Mr. Altes: the U.S. is not a country, it's nearly a continent; B-T's game is to have a relatively important market share everywhere; in financial terms, B-T is not big enough to secure that market share; it also needs equilibrium in profits and in management before such a big step. One recent top level resignation at B-T has pointed up the problems of rapid, and diverse expansion.

Observers reckon that the management has done a good job in getting any sort of earnings and dividend growth since 1974, a boom year for paper and paper-based industries.

Curiously, there are those in the industry who think that B-T does have plans to get into the U.S. and, indeed, into Mexico before long. Maybe, where the U.S. is concerned, we are dealing not with a continent, not with a country, but with a federation of states.

But coming down from the heights, it has to be remembered that hopes for B-T might either become deflated, or diverted. B-T always has its provisions to play with, although *I am assured that there will be* the same Fl 6.6m-plus factor at the bottom line this year as there was in last year's earnings.

As for diversion, it is becoming a *popular, if not* yet common philosophy that the UK is heading for a bull market. This would give UK institutional investment managers yet another excuse for avoiding overseas adventures and the perils of trying to understand something different.

Yet the last excuse, that sterling was too strong after the withdrawal of UK exchange control, has gone by the board. And when senior partners of respected stockbroking firms decide to concentrate on overseas equities, there must be something to say for the genre.

Of this type, B-T looks tasty. It is big enough to trade, and small enough to avoid being incredibly boring for quite some time. In fact, boredom from B-T is the last thing on my mind.

Nuclear ugly duckling grows up

BY DAVID FISHLOCK, SCIENCE EDITOR

JOKES ARE all that have so far flowed from Dungeness B power station in Kent, 15 years on and over £400m in cost since construction began.

The sophisticates make cracks about a "geological timescale" of construction and hint darkly at radioactive decay of fuel in the stores. The less sophisticated chortle that simple parts of the plant such as sea-water cooling ducts, installed a decade ago, are now in need of repair.

The builders are phlegmatic about the jokes. They are well aware that only power in large quantities will convert the sceptics, given a history which includes criticism from a former chairman of the Central Electricity Generating Board that the type of nuclear reactor they were building was a "catastrophe which *must* not be repeated."

Consortium

They have to live down the fact that the CEGB at one point seriously considered abandoning the project, and that the late Mr. E. C. Williams, when chief nuclear inspector, was known to express doubts whether a project with such a history of mishaps in construction could ever meet British standards of nuclear safety. They are still well aware that, despite the size of the project, the local MP kept away from the site for four years, until a few weeks ago.

But for the men of Dungeness B life began again four years ago. "As far as I'm concerned, what happened before 1976, I don't want to know about," says Mr. Joe Seddon, resident site manager and one of a trio of north-countrymen brought in in 1976 to clean up the mess, as it then was.

The CEGB placed the original order for Dungeness B in 1965. It was the first station to use the advanced gas-cooled reactor (AGR). The lowest tender, £89m, came from a consortium called Atomic Power Construction (APC). By 1970 the difficulties of being lead station for a new generation of nuclear reactors, 20 times the size of the prototype, had brought APC to the verge of bankruptcy. The CEGB, which still wanted its station, took the only course open. It acquired the remnants of APC, and gave a contract to British Nuclear Design and Construction, a subsidiary of GEC, to manage the project. In 1976 GEC asked to be relieved of its contract, with the station apparently no nearer completion.

The CEGB tried a fresh tactic. It set up a new directorate of APC, with Dr. Ned Franklin, chief executive of the Nuclear Power Company, as its new chairman and managing director. APC—as a subsidiary of the CEGB—then placed a contract with the Nuclear Power Company to complete the two reactors and another with the CEGB itself to complete the generation side of the plant.

On the site itself Mr. Seddon is in charge of a unified supervisory management composed of APC, CEGB and Nuclear Power Company staff. Completing the north-country trio are his deputy, Mr. Alan Wallis, and Mr. Bill Coates, project manager, based at APC's headquarters at Sutton, South London. Between them this team has turned the project round to such an extent that the CEGB chairman, Mr. Glyn England, said confidently last month that the station was scheduled to begin supplying electricity to the grid early next year. The CEGB expects it to be its next new power station on-load.

Late last year they were ready to start the protracted commissioning on the first reactor. Now they are plodding through combined engineering tests, with the aim of loading nuclear fuel late this year and raising power for the first time early next spring.

Dungeness B stands on a man-made headland of the Kent coast devoted to nuclear energy and birds. It has been a nuclear construction site since about 1960; so long ago that people talk of it as "a factory for making nuclear stations." Dungeness A, a 410 MW Magnox station, began producing power in 1965, the year the B station started construction.

With the concrete containment round the reactors completed, the station has the appearance of a castle with two towering turrets. At night, with its long illuminated flutes in these turrets, it can be mistaken for a cathedral, say the locals. It was the last of the nuclear stations for which the CEGB permitted a little architectural flair to soften the profile of the great concrete boxes round the gas-cooled reactors. Newer stations are much squarer, more factory like in design.

The first mistake the CEGB made with Dungeness B, Mr. Coates says, was to think that it could build a power station producing three times as much power as Dungeness A from one-third of the volume of building in the same time of five or six years. Its reactors are the smallest in diameter of all the AGRs. The new ones at Heysham and Torness, to be started shortly, will have an extra few feet in diameter to make fitting much easier, especially in the final stages when almost all the equipment is in.

This is the stage reached by the second reactor at Dungeness B—the first is finished and being tested—when access becomes a strenuous exercise in pot-holing in made-made caves.

Inside, in a glittering cave above the core of the reactors, dozens of skilled craftsmen clad in white nylon overalls are putting the finishing touches to hundreds of stalagmites of stainless steel. They squat uncomfortably like tailors, trimming steel foil to fit awkward corners or welding in nooks and crannies with the help of a dentist's mirror.

The high proportion of fiddly fitting of this kind makes the AGR an intrinsically more difficult and time-consuming machine to build than reactors which can largely be assembled in a factory. About 150,000 separate metal panels have to be fitted together very accurately around the inside of each reactor. At Dungeness they admit that they have learned no way of getting more of this painstaking work done away from the site.

Robots

Some of the special metal foil insulation against damage by hot gas is required in places inaccessible even to these skilled craftsmen. For one particularly difficult problem, picked up from the drawings, the Nuclear Power Company's laboratories at Whetstone have developed the technology for insulating the area by remotely-controlled welders, slender enough to squeeze between heat-exchanger pipework and the wall to be lined. The gap is no more than a couple of inches. Craftsmen are now being trained to use these robots so that the job will seem routine to them once the machines are taken into the reactor.

Still more convincing evidence that Dungeness B is at last coming right can be found in the site labour relations. The project passed its peak employment—2,200 on site—last year and is scheduled to run down steeply from 1,880 at present to as few as 200 by the end of 1981.

Planning the final stages—(left to right) Mr. Joe Seddon, resident site manager, Mr. Alan Wallis, deputy site manager, and Mr. Bill Coates, projects manager.

The unions are well aware of the situation. After the new team had taken over, time lost through industrial disputes peaked at 6.7 per cent. But last year, with the new team firmly in place, time lost fell dramatically to 1.3 per cent. This year it is running at 0.7 per cent.

Mr. Seddon says that the worst strike years also reflect problems over incomes policy and bonuses. The bonuses at Dungeness B now fall "within a reasonably narrow band, acceptable to the vast majority."

The worst feature found was apathy, "the feeling that the project *would* never be finished." The new management's ploy has been deliberately to encourage the unions to blame earlier managements before 1976 for the continuing troubles, and to let them take the credit themselves for progress since 1976.

If the project continues to meet its present schedule, with the first reactor on-load early next year and the second a year later, the final cost to the CEGB will be about £450m. The original price quoted by APC was £89m. Nevertheless, Mr. Coates, a civil engineer, claims that proportionately the price has risen less than that of the long-overdue Thames Barrier—"and that's just a civil engineering job."

But will this "factory for making nuclear stations" maintain the pace of the past two years for another 18 months and work itself out of a job? Or do the unions at Dungeness believe that, with room for two more power stations on the headland, they are high on the list for a fresh project early in the 1980s?

The CEGB itself has certainly made no such promise. In fact as recently as two years ago its attitude was that it wanted to finish the project and clear the site of a workforce which had long abandoned the normal itinerant habits of construction industry workers and put down roots in the area. "Over the last two years we've been very much encouraged by the spirit right across the site," says Mr. Denis Lomer, board member responsible for CEGB construction. His board is no longer apprehensive about undertaking a new project at Dungeness, he says.

Whether it will be another AGR is a more open question. The CEGB is certainly keen to demonstrate some of the claims for the pressurised water reactor which it has been making for the past eight years. The Government, having authorised it to proceed with a "demonstration" PWR last December, is palpably impatient with the slow progress it has made this year.

But Mr. Glyn England, chairman of the CEGB, in a progress report to his own staff last month, made it plain that the board was becoming increasingly enthusiastic about the performance of the two AGRs it has working at Hinkley in Somerset.

He compared the "heartening performance" of Hinkley B over the previous 12 months with that of Drax B, the board's newest coal-fired station, equipped with the same kind of generating plant. Electricity from the coal-fired station last year was about 14 per cent more expensive than electricity from the nuclear station.

CURRENCIES, MONEY and GOLD

Sterling weak

The dollar showed little change in very dull trading in the foreign exchange market yesterday, but sterling was weak, falling 1.15 cents to close at $2.3290-2.3300. The pound opened at $2.3300-2.3340, and eased to $2.3315-2.3325 before rising to a peak of $2.3340-2.3350 in the morning. By noon sterling had eased to around $2.3325, and continued to weaken in the early afternoon, to a low of $2.3250-2.3260, but was then fairly steady at about $2.3300 for the rest of the day.

On Bank of England figures, the pound's trade-weighted index fell to 73.5 from 73.9, after opening at 73.7 and falling to 73.6 at noon. The dollar's index rose to 83.4 from 83.1.

The dollar finishe dnear the bottom of its range against most major currencies, but was little changed on the day. It rose slightly to SwFr 1.6310 from SwFr 1.6300 against the Swiss franc, after trading between SwFr 1.6295 and SwFr 1.6405. The U.S. currency also improved marginally in terms of the Japanese yen, to Y216 from Y215.90, after moving between Y215.80 and Y216.90.

Germany was closed for a public holiday, and in quiet trading in the rest of Europe the dollar rose to DM 1.7680 from DM 1.7660 against the D-mark.

FRENCH FRANC—Very firm in recent months, and strongest member of European Monetary System — The French franc advanced against the D-mark, Dutch guilder and Belgian franc at the Paris fixing, but lost ground to the Danish krone. The other EMS currencies, the Italian lira and Irish punt were unchanged. Outside the EMS the dollar rise to FFr 4.1230 from FFr 4.1055 at the fixing, but sterling and the Swiss franc declined.

BELGIAN FRANC—Remaining firm within EMS despite easing of interest rates by Belgian authorities—The Belgian franc showed mixed changes at the Brussels fixing. The Irish punt rose to BFr 60.05 from BFr 59.96 and the Danish krone to BFr 5.1675 from BFr 5.1670. Other EMS currencies were weaker, however, with the French farnc falling to BFr 6.8775 from BFr 6.88, and the D-mark to BFr 16.0170 from BFr 16.01875. The dollar rose to BFr 28.36 from BFr 28.2650.

DANISH KRONE—Steadier within EMS recently, after two devaluations during 1979—The krone improved against most EMS currencies at the Copenhagen fixing before news that Denmark's balance of payments deficit narrowed slightly in April. The D-mark was fixed at DKr 3.1007, compared with DKr 3.1085, and the French franc at DKr 1.3322, compared with DKr 1.3340. The only member to move against the trend was the Irish punt, which rose to DKr 11.6350 from DKr 11.60. Outside the EMS, the dollar rose to DKr 5.4960 from DKr 5.4710, but eased to around DKr 5.48 immediately following publication of Denmark's trade figures. Sterling was fixed at DKr 12.8070, compared with DKr 12.7970.

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year. More recently lower U.S. interest rates have helped the yen recover—The yen eased against the dollar in quiet trading. The U.S. currency rose to Y216.75 from Y215.55, but declined slightly from the opening level of Y216.90. Speculation about a possible cut in the Bank of Japan discount rate in the near future, and a firmer trend in Eurodollar interest rates, stabilised the dolar within a range of Y216.50 to Y217.30.

THE POUND SPOT AND FORWARD

June 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3250-2.3350	2.3290-2.3300	1.70-1.60c pm	8.50	4.27-4.17pm	7.25
Canada	2.6780-2.6850	2.6830-2.6840	1.55-1.45c pm	8.50	4.20-4.05pm	7.78
Nethlnd.	4.49½-4.54½	4.50½-4.51½	0.35-0.40c dis	−3.91	0.75-0.80dis	−2.69
Belgium	65.80-66.40	65.85-65.96	0.17-0.27c dis	−1.36	0.73-0.83dis	−1.61
Denmark	12.75-12.84	12.77¼-12.78¼	14-15½c dis	−6.26	33-36dis	−4.87
Ireland	1.0976-1.1045	1.0980-1.0990	4.50-5.00oredis	−10.38	13-13.50dis	−9.65
W. Ger.	4.11-4.18	4.11½-4.12½	0.05-0.15pf dis	−0.58	0.02-0.12dis	−0.16
Portugal	113.70-114.50	114.10-114.30	28-43c dis	−8.69	70-120 dis	−7.75
Spain	163.25-163.75	163.40-163.50	55-75c dis	−11.10	165-190 dis	−10.11
Italy	1944-1953	1945½-1946½	6-7lire dis	−9.32	19-20 dis	−9.32
Norway	11.30-11.35	11.30½-11.31½	0.15ore-0.35dis	−0.25	0.35-0.85dis	−0.49
France	9.58½-9.64	9.59½-9.60½	1.20-1.30c dis	−3.64	3.15-3.35dis	−3.15
Sweden	9.69½-9.76½	9.70½-9.71½	1.25-1.55ore dis	−4.03	4.85-5.15dis	−4.79
Japan	500-506	503-504	0.65-0.60y dis	4.03	1.05-1.20dis	−2.08
Austria	29.30-29.50	29.35-29.40	2.00-2.60gro dis	−2.19	3.25-5.0 dis	−1.31
Switz.	3.79-3.83	3.79¾-3.80¾	0.51-0.44c pm	3.49	1.57-1.50 pm	3.76

Belgian rate is for convertible francs. Financial franc 66.45-66.55. Six-month forward dollar 6.45-6.35c pm. 12-month 9.75-9.65c pm.

THE DOLLAR SPOT AND FORWARD

June 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3250-2.3350	2.3290-2.3300	1.70-1.60c pm	8.50	4.27-4.17 pm	7.25
Ireland†	2.1130-2.1190	2.1160-2.1180	0.95-0.85c pm	4.02	3.10-3.00 pm	4.66
Canada	1.1499-1.1526	1.1502-1.1505	2⅞-1⅞c pm	6.32	6⅜-5⅞ pm	5.65
Nethlnd.	1.9325-1.9410	1.9340-1.9355	13-3c pm	1.46	43-33 pm	2.31
Belgium	28.305-28.45	28.305-28.32	1-2⅝ore dis	−1.70	7½-9¾ dis	−2.82
Denmark	5.4795-5.4970	5.4890-5.4905	0.04p pm-par	0.22	0.22-0.16 pm	0.69
W. Ger.	1.7665-1.7755	1.7675-1.7685	3⅛-2¾pf pm	7.65	8-7 pm	7.28
Portugal	48.90-49.10	48.95-49.05	15c pm-25c dis	−1.05	40pm-80dis	−1.40
Spain	70.13-70.30	70.22-70.27	25-280c dis	−11.20	85-165 dis	−3.06
Italy	836.20-837.80	836.85-837.35	¼-2¾lire dis	−0.46	8½-10½ dis	−1.35
Norway	4.8530-4.8630	4.8530-4.8540	8¾-6⅞ore pm	8.29	19½-18 pm	6.63
France	4.1190-4.1290	4.1190-4.1210	4⅛-3¼c pm	4.89	10½-9½ pm	4.17
Sweden	4.1695-4.1780	4.1705-4.1720	3½-2⅛ore pm	3.86	6-5 pm	2.27
Japan	2.1580-2.1690	215.95-216.05	2.00-1.65y pm	4.35	6.40-6.05 pm	4.95
Austria	12.59-12.6250	12.60-12.61	16-13gro pm	5.92	45-38 pm	5.65
Switz.	1.6295-1.6405	1.6305-1.6315	4-3c pm	11.05	10⅝-9¾ pm	10.65

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 17	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.6	−32.4
U.S. dollar	83.4	−10.2
Canadian dollar	81.5	−15.2
Austrian schilling	155.9	+24.0
Belgian franc	115.9	+14.2
Danish kroner	107.4	−4.1
Deutsche mark	155.5	+44.5
Swiss franc	197.8	+80.3
Guilder	126.8	+19.8
French franc	101.3	−5.9
Lira	53.2	−51.2
Yen	131.4	+29.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

June 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.565597	0.60951
U.S. $	11	1.32344	1.42558
Canadian $	11.29	1.51971	1.63324
Austria Sch	6¾	16.8237	17.8696
Belgian F	14	37.4070	40.2511
Danish K	13	Unavail	7.79647
D'Mark	7½	2.33389	2.51400
Guilder	10	2.56086	2.75478
French Fr.	9½	5.43735	5.85769
Lira	16	1102.43	1187.50
Yen	9	285.069	308.494
Norwgn. Kr.	9	6.40743	6.90335
Spanish Pts.	8	92.6765	99.8687
Swedish Kr.	10	5.48963	5.921131
Swiss Fr.	5	2.14305	2.30986

OTHER CURRENCIES

June 17	£	$		£ Note Rates
Argentina Peso	4270-4290	1835-1842	Austria	29.20-29.50
Australia Dollar	2.0155-2.0175	0.8647-0.8650	Belgium	66.45-67.05
Brazil Cruzeiro	119.47-120.47	51.445-51.645	Denmark	12.72-12.82
Finland Markka	8.4840-8.4890	3.6420-3.6440	France	9.53-9.59
Greek Drachma	99.70-100.40	42.80-43.10	Germany	4.11-4.14
Hong Kong Dollar	11.45-11.4620	4.9130-4.9160	Italy	1915-1970
Iran Rial	n/a	n a	Japan	504 509
Kuwait Dinar(KD)	0.622-0.631	0.2670-0.2710	Netherlands	4.5050-4.5350
Luxembourg Frc.	65.85-65.95	28.27-28.29	Norway	11.28-11.37
Malaysia Dollar	4.9805-4.9850	2.1380-2.1400	Portugal	111.00-115.00
New Zealand Dlr.	2.3550-2.3570	0.9890-0.9900	Spain	158.50-165.25
Saudi Arab. Riyal	7.755-7.758	3.3295-3.3305	Sweden	9.58-9.76
Singapore Dollar	4.9445-4.9490	2.1225-2.1245	Switzerland	3.78-3.81
Sth. African Rand	1.8020-1.8040	0.7735-0.7745	United States	2.3275-2.3365
U.A.E. Dirham	8.62-8.63	3.7010-3.7020	Yugoslavia	62.00-65.00

Rate given for Argentina is free rate

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2723	+1.21	+0.47	±1.53
Danish Krone	7.72336	7.79519	+0.93	+0.19	±1.64
German D-Mark	2.48208	2.51429	+1.30	+0.56	±1.125
French Franc	5.84700	5.85314	+0.11	−0.63	±1.3557
Dutch Guilder	2.74362	2.75680	+0.48	−0.26	±1.512
Irish Punt	0.668201	0.671074	+0.43	−0.31	±1.668
Italian Lira	1157.79	1188.03	+2.61	+2.38	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 17	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.330	4.120	503.5	9.600	3.803	4.510	1946	2.684	65.90
U.S. Dollar	0.429	1.	1.769	216.1	4.121	1.632	1.936	835.4	1.152	28.29
Deutschemark	0.243	0.565	1.	122.2	2.330	0.923	1.095	472.3	0.651	16.00
Japanese Yen 1,000	1.986	4.627	8.183	1000.	19.07	7.552	8.957	3865.	5.330	130.9
French Franc 10	1.042	2.427	4.292	524.5	10.	3.961	4.698	2027.	2.795	68.65
Swiss Franc	0.263	0.613	1.083	132.4	2.525	1.	1.186	511.8	0.706	17.33
Dutch Guilder	0.222	0.517	0.914	111.6	2.129	0.843	1.	431.5	0.595	14.61
Italian Lira, 1,000	0.514	1.197	2.117	258.7	4.933	1.954	2.318	1000.	1.379	33.86
Canadian Dollar	—	—	—	—	—	—	—	—	—	—
Belgian Franc 100	1.517	3.535	6.252	764.0	14.57	5.770	6.844	2953.	4.072	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 17)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 5/16	offer 9 7/16	bid 9 5/16	offer 9 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	—	8⅞-9⅛	9-10	11-11¼	2¼-2½	9 1/16-9 3/16	12½-12⅞	14-17	9-9¼	12¾-13¼
7 days' notice	16⅝-17⅛	8⅞-9⅛	9-10	10⅞-11⅛	4½-5	9¾-9⅞	12½-12⅞	14-17	9-9⅛	12⅞-13⅛
Month	16¾-17⅛	8⅞-9⅛	12¼-12⅝	10⅝-10⅞	5⅝-5¾	9 5/16-9 11/16	12 5/16-12 9/16	17½-17¾	8⅞-9	12½-13¼
Three months	16⅜-16¾	9 1/16-9 3/16	11⅛-11½	10⅜-10⅝	5½-5⅝	9¼-9⅜	12 5/16-12 7/16	17¾-18⅜	9 1/16-9 3/16	11¼-11⅝
Six months	15-15⅜	9 1/16-9⅜	10¼-10⅝	10⅛-10⅜	5 7/16-5 9/16	8 13/16-8 15/16	12 11/16-12 15/16	17½-18	9⅛-9¼	10⅛-10¼
One Year	13¾-14⅛	9⅛-9 5/16	9⅞-10¼	10-10¼	5-5⅛	8 11/16-8 13/16	12 15/16-13 1/16	18-19	9⅛-9¼	8⅞-9⅛

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.60-8.70 per cent; three-months 8.60-8.70 per cent; six-months 8.50-8.60 per cent; one year 8.50-8.60 per cent.

Long-term Eurodollar two years 10⅜-10 9/16 per cent; three years 10⅜-10⅝ per cent; four years 10⅜-10⅝ per cent. five years 10⅝-10⅞ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Further Belgian cuts

The Belgian authorities announced further cuts in short-term interest rates yesterday, having already reduced some rates this week on Monday. One-month Treasury bills were again lowered to 14¾ per cent from 15 per cent while the rate on four-month bond fund paper was cut to 14¾ per cent from 15 per cent. Two and three-month Treasury bill rates were left unchanged, having already been changed on Monday. Yesterday's move was seen as a further move towards keeping bill rates in line with other market rates. Domestic franc deposit rates and Euro-franc rates were both quoted yesterday at 14½-14¾ per cent for three-month, and 14¾-15¼ per cent for one-month money.

In Zurich four major banks reduced rates on non-bank client deposits between six and 12 months. Six to 11 month maturities were cut to 4½ per cent and one-year deposits to 4¾ per cent. The new rates apply to deposits of SwFr 250,000 and over. Amounts down to SwFr 100,000 carry ¼ per cent lower rates.

In Paris call money was quoted at 12¼ per cent, unchanged from Monday, while period rates also remained static. One and three-month money stood at 12⅛-12¼ per cent, six-month at 12-12¼ per cent, and one-year money 11 15/16-12 1/16 per cent.

UK MONEY MARKET

Exceptional shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

The unwinding of a £500m sale and repurchase agreement was the principal factor behind a shortage of funds in the London money market yesterday, and the authorities gave assistance on an exceptionally large scale. This comprised moderate purchases of Treasury bills and small numbers of local authority bills, both from discount houses and banks, and extremely large loans to 10 r 11 houses at MLR, for repayment on Thursday. In the market's favour there was a large excess of Government disbursements over revenue transfers to the Exchequer, and banks brought forward balances a small way above target.

In addition to the £500m gilt repurchase, the market was faced with payment for Monday's gilt sales and there were moderate number of local authority bills maturing in official bands. In the interbank market, overnight loans opened at 17-17¼ per cent and rose on the forecast to 17¾-18 per cent. Rates came back to 17½-17¾ per cent but rose once again towards noon to a peak of 23 per cent before closing at around 18 per cent.

GOLD

Slight fall

Gold fell $3½ in quiet, featureless trading to close at $590-593 in the London bullion market. It opened at $588-591, and eased to $587-590 in the morning. The highest level touched was $593-595 in the afternoon, shortly after the New York market began trading.

In Paris the 12½-kilo gold bar was fixed at FFr 79,250 per kilo ($603.12 per ounce) in the afternoon, compared with FFr 79,950 ($601.93) in the morning, and FFr 79,400 ($601.09) Monday afternoon.

The Frankfurt market was closed for a public holiday.

In Zurich gold closed at $589-594, compared with $594-599 previously.

	June 17		June 16	
Gold Bullion (fine ounces)				
Close	$590-593	(£253¼-254¾)	$593-597	(£253-255)
Opening	$588-591	(£252¼-253¾)	$597-601	(£255-257)
Morning fixing	$590.75	(£253.160)	$598.00	(£255.819)
Afternoon fixing	$591.75	(£254.210)	$595.00	(£254.252)
Gold Coins				
Krugerrand	$610-613	(£261⅛-263½)	$613½-616½	(£261¾-263¾)
Mapleleaf	$610-613	(£261½-263½)	$613½-617½	(£261¾-264¼)
New Sovereigns	$150-151	(£64¼-65½)	$151-152½	(£64½-65½)
King Sovs	$176-178	(£75½-76½)	$178-180	(£76-77)
Victoria Sovs	$176-178	(£75½-76½)	$178-180	(£76-77)
French 20s	$154-157		$157-160	
50 pesos Mexico	$732-737		$736-741	
100 Cor. Austria	$582-586		$587-592	
$20 Eagles	$690-695		$691-694	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

June 17 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Over night	—	15½-23	17-17½	—	—	17½	16½-17	—	—	—
2 days notice	—	—	17-17⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17¼-17½	16⅞-17	—	17⅜	17¾	16¾-16⅞	—	—	—
One month	17 1/16-16 15/16	17-17⅛	16⅜-16⅝	18-18¼	17 3/16	17½	16¾-16⅞	15 13/16	17¾	17⅞
Two months	16 13/16-16 11/16	16⅞-17	—	17¼-17⅝	17 1/16	—	16¼-16⅝	15 9/16	17 1/16	17¼
Three months	16⅝-16½	16 11/16-16 9/16	16-16¼	16¾-17⅛	16⅞	17¼	16-16⅛	15⅞	16¼	16¾
Six months	16¼-16⅛	16¼-15⅜	13⅞-14	15-15½	15⅝	16⅝	—	—	14½	15¼
Nine months	14 1/16-13 15/16	14 1/16-14 1/16	—	14½-15	14½	15¼	—	—	—	—
One Year	13 11/16-13⅝	13 11/16-13 9/16	13¾-13⅞	14-14¼	14¼	15	—	—	—	—
Two years	—	—	13¾-13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13¾-13⅞ per cent; four years 13¾ per cent; five years 13⅞ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅜ per cent; four-month trade bills 16¼ per cent.

Approximate selling rate for one-month Treasury bills 15 11/32 per cent; two-months 15 23/32 per cent; three months 15 25/32 per cent. Approximate selling rates for one-month bank bills 17½ per cent; two-months 16 15/16 per cent; three-months 16 5/16 per cent; one-month trade bills 17¾ per cent; two-months 17 per cent; and three-months 16½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.8340 per cent.

MONEY RATES

NEW YORK	
Prime Rate	12-12½
Fed. Funds	9½-9¾
Treasury Bills (13-week)	6.35
Treasury Bills (26-week)	6.61
GERMANY	
Discount Rate	7.5
Overnight Rate	9.95
One month	9.925
Three months	10.075
Six months	9.675
FRANCE	
Discount Rate	9.5
Overnight Rate	12.875
One month	12.4375
Three months	12.4375
Six months	12.0625
JAPAN	
Discount Rate	9.0
Call (Unconditional)	11.5625
Bills Discount (three-month)	13.5625

WORLD STOCK MARKETS

Dow edges up at midsession

STOCKS ON Wall Street were narrowly higher at midsession in active trading, but beginning to lose ground.

The Dow Jones Industrial Average was 1.79 up at 879.52, after having earlier touched 880.20. The NYSE All Common Index, after a slight rise, was unchanged on Monday's close at $66.26. Advances led declines seven to six on volume of 29m shares (24m).

Analysts said the two-month-long market advance on falling interest rates was showing signs of weakening, but institutions had been using market weakness as a buying opportunity.

A report that U.S. personal income rose 0.1 per cent in May further indicated the erosion of consumer buying power. The report noted that real disposable income declined for the third straight month in April.

Chemicals were strong. Among the actives, **Du Pont** gained ¾ to $43 and **Union Carbide** $1 to $44½. **Allied Chemical** rose ¾ to $51⅛. **Monsanto** $1⅜ to $53¾, and **Dow Chemical** ¾ to $35⅜.

Volume leader Sony eased ¼ to $9¾. On Monday it reported a four-fold rise in first half profit and yesterday announced development of a method for mass producing high-quality silicon crystals for industrial and semiconductor use.

American Telephone retreated ¼ to $53⅞ after dropping more than one point on Monday after the news that it was ordered to pay $1.8bn in damages to MCI Communications in an anti-trust case. **IBM** lost ¼ to $59⅞, after announcing developments in its office systems products.

Firestone Tire lost ½ to $6⅞. It omitted its quarterly dividend. Active **Deere** announced plans to close two plants for four weeks and declined ¼ to $31⅞.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index added 1.09 at 288.30 on turnover of 2.91m shares (2.75m).

Oils advanced. Volume leader **Husky Oil** rose ⅞ to $15⅛, and **Dome Petroleum**, which was the subject of favourable Press coverage, ⅞ to $69⅛.

Canada

After Monday's retreat, the market was rallying by noon yesterday in active trading. The Toronto Composite Index put on 3.4 to 2044.7, with losses narrowly leading gains. The Golds Index was 27.3 off at 2683.5, but Oil and Gas was up 38.2 to 4591.6 and Metals and Minerals 7.7 at 1899.1.

Oil and Gas stocks were active and mostly higher. **Dome Petroleum** rose C$2¼ to C$80⅛, **Texaco Canada** C$1 to C$86, **Gulf Canada** ⅜ to C$33 and **Imperial Oil 'A'** ¼ C$42⅝.

Husky Oil, the most active industrial issue, gained C$1 to C$17¼.

Gold stocks were inactively lower, **Dome Mines** eased C$1½ C$92 while **Camflo Mines** at C$22¼ and **Kerr Addison** at C$16⅞ both eased ¼.

Base metals where higher as **Falconbridge Nickel** rose C$1½ to C$102, **Inco** ⅜ to C$ 25⅛ and **Alcan Aluminium** ⅛ to C$33⅛.

Volume expanded to 3,124m shares from 2,158m at noon on Monday.

The Montreal market reflected this upward trend, with the composite index edging one point higher at noon.

Paris

Share prices closed lower after a very quiet day's trading.

Among influences on the market were the higher French May unemployment figures, reports from the Bank of France and the Employers' Association showing lower economic activity, and expectations that the May figures, which were due to be released late yesterday, would reveal another trade deficit.

After announcing plans to increase its stake in Machine Bull, **Saint-Gobain** lost only 30c, to FFr 137.50. Among issues to firm on the day was **BSN Gervais**, adding FFr 12 at FFr 995.

But Banks, Insurance companies, Building, Mechanical Engineering and Chemical sectors all fell in line with the general easing trend.

In foreign stocks, U.S. stocks were firm and Dutch steady, but all others closed lower.

Amsterdam

Prices closed mixed, with **Royal Dutch** losing 90c to Fl 167.30 and **KLM** 60c to Fl 61.2, while **Unilever** gained 10c to Fl 115.6 in Dutch Internationals.

Nedlloyd eased Fl 1.30 and **Heineken** Fl 1.10, but **NMB** gained Fl 3 to Fl 233 and **ABN** 50c to Fl 293 in Banks. Investment Funds maintained firmer opening levels, with **Robeco** and **Rolieco** adding Fl 1 to Fl 172.5 and Fl 158 respectively. **Ennia** closed Fl 2 up at Fl 138 in Insurances, while **Volker Stevin** lost 80c in mixed Constructions.

WUH finished Fl 5 down and **FGH** 50c down in Mortrage Banks.

Tokyo

As the general elections scheduled for next Sunday approached, the wait-and-see approach recently adopted in the market grew stronger. After a day of light trading, prices closed sharply down.

The Nikkei-Dow Jones Average lost 54.11 to finish at 6,798.50. Volume of 20m shares compared with 180m on Monday. The Tokyo New Stock Exchange index slipped 1.78 to 466.94.

Energy-related issues led the fall, with **Nippon Oil** down Y80 to Y1,890, **Teikoku Oil** Y30 to Y1,230, **Mitsui Mining** Y13 to Y778, **Dowa Mining** Y35 to Y535 and **Koa Oil** Y25 to Y775.

Some blue chips which had been firm in the morning session shed some gains later in the day. **Fuji Film** lost Y2 to Y598, **Konishiroku** Y9 to Y466, **Canon** Y14 to Y645 and **Olympus** Y15 to Y864.

Against the trend, **Sapporo Brewing** continued to progress, adding Y8 to Y274.

Australia

Prices ended generally firmer, although late profit-taking, to take advantage of the higher prices on a backlog of overseas orders after the long holiday weekend, meant an easing trend at the end of the day.

BHP, which hit a year's high of A$15.15 on early buying from the U.S. fell to A$14.95 near the close for a loss of 10c, but scattered rises among Oils appeared to signal an end to last week's energy sell-off. **Crusader Oil** and **Leonard Oil** remained steady on A$3.60 and A$1.40 respectively, but **Bridge** added 10c at A$4.05.

Woodside did best among the Oils with an 11c advance to A$3.18 and was heavily traded on the Melbourne exchange. **Strata** moved up 4c to 69c on news of a promising gas strike near the Dongara field in Western Australia.

Johannesburg

Gold shares closed generally easier but above the day's lows as the gold price recovered slightly.

Heavyweight gold producers fell as far as 75c. Medium and Lightweights were up to 25c lower, while Financials were mixed to firmer. De Beers rose 10s to R10.60, and Coppers and Platinums were steady to firm.

Industrials closed quietly mixed but there was little selling pressure and prices were apparently unaffected by current unrest.

Markets closed

Stock markets in Germany and Hong Kong were closed yesterday.

Indices

NEW YORK —DOW JONES

NEW YORK ACTIVE STOCKS

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

COMMODITIES AND AGRICULTURE

Commodity fund pact threatened

By Brij Khindaria in Geneva

A HANDFUL of oil exporting countries hold the key to agreement on the creation of a $750m special fund to stabilise world markets for the main commodity exports of developing countries, excluding oil.

Ministers and senior officials from 100 countries will make a *final effort today to reach* accord making the fund operational, but a breakdown can still not be ruled out.

Both industrialised and developing countries are keen to reach compromise on continuing disputes, but oil-exporting African countries, including Nigeria, Libya and Algeria are taking a hard line.

As a result the African group of countries within the group of 77—which comprises all developing countries from Asia, Africa and Latin America—have rejected compromise suggestions.

It appears that the oil exporting countries would like to prevent agreement on the fund to make it a topic for consideration *at a new series of North-South* negotiations expected to begin later this year, following a special session of the United *Nations general assembly in* New York in August.

The oil exporters fear that many developing countries may *side with western industrialised* nations in New York in attacking oil price increases if the *common fund is created.*

Signatures for rubber accord sought

GENEVA—UNCTAD Secretary-General, Mr. Gamani Corea, has cabled 56 rubber producing or consuming countries in a bid to obtain enough signatures for the *first International Rubber* Agreement by June 30.

Under a timetable approved when the pact was agreed last October, it must be signed by countries accounting for 65 per cent of net imports and the same *proportion of exports by the* end of this month.

The same countries must ratify it by next September 30 for the agreement provisionally to be in force by October 1. Reuter

EEC to study NZ butter quotas

EEC FARM Ministers have decided to set up a special committee of national experts to examine New Zealand's butter import quota from 1981 on, Mr. Peter Walker, the UK Minister, said.

He said he expected the group to meet next week and for Farm Commissioner Finn Gundelach to be able to discuss the issue with New Zealand when he goes there shortly for talks on the EEC sheepmeat *regime.*

The Ministers did not discuss figures yesterday although Mr. Walker said the EEC Commis*sion had talked in the past of* a quota of 90,000 tonnes at the end of five years compared with 115,000 tonnes this year.

The Ministers did, however, set an intervention price for white sugar, of 43.27 European Currency Units (ECUs) per 100 kilos and a target price of 45.55 ECUs per 100 kilos.

There had been doubt about whether the additional 2.5 per cent increase in last month's farm price package applied to white as well as raw sugar and the Ministers agreed it did.

They also decided that production quotas exceeded last *year can be carried over into* the 1980/81 year.

A firm commitment, sought by France, for any excess income from export levies over export rebates to be returned to producers was not accepted, and instead a looser commitment to reconsider the question was given.

The Ministers decided aid to *sugar producers in French overseas* territories should be 3.69 ECUs per 100 kilos and not 5.08 ECUs as sought by France.

They also decided to examine granting isoglucose production quotas to companies not eligible for a basic quota, but able to start production between July 1, 1980 and June 30, 1981. Reuter

U.S. may change tin pact policy

BY OUR COMMODITIES STAFF

THE U.S. is willing to review its attitude towards the International Tin Agreement, in view of the breakdown in talks on a new pact in Geneva last month, according to officials *from the U.S. Trade Represent*atives Office in Washington, reports Reuter.

The Geneva negotiations on a new Tin Agreement to replace the existing pact that expires in June next year broke down mainly because of the U.S. insistence that export quotas should be scrapped and a bigger buffer stock created.

Mr. Peter Lai, executive chairman of the International Tin Council, who has been holding talks with the U.S. State department on the negotiations, was told about the planned *review by the U.S. which could* take at least a month or possibly much longer.

It was stressed that the review did not necessarily mean a change in the U.S. position, but it is hoped that a new negotiating session on the Tin Agreement will be convened later this year.

Meanwhile, the start of the U.S. tin stockpiling sales programme is to go ahead, as scheduled, *on July 1, when the* first offering of 500 tonnes will be made. Similar amounts will then be offered for sale each fortnight with a target of selling 10,000 tonnes a year over the next three years.

The Straits tin price fell to $M2,135 a picul on the Penang market overnight, $M10 below the "ceiling" set by the International Tin Agreement. In London, however, the decline was limited by the general upward trend in other metals and cash tin closed only £20 lower at £7,245 a tonne.

Trading interest on the London Metal Exchange was generally at a low ebb, and the rise in the price of copper, and other metals, was attributed mainly to a technical reaction after the recent decline.

Further fall in coffee prices

By John Edwards, Commodities Editor

COFFEE prices fell heavily yesterday for the second day in succession. On the London robusta futures market the September position closed £38 down at £1,603 a tonne and in New York prices were the permissible limit down of 4 cents a pound in early trading.

Main selling pressure came from speculators who feel that there is now unlikely to be much frost damage to the Brazilian crop, even though the chief danger period is in July. There was reported to be further selling by the producers' Bogota Fund group, although it was thought this could be a prelude to buying *back at lowe rievels.*

World sugar prices, after falling in the morning rallied sharply in the afternoon. The London daily price for raw sugar was cut by £15 to £315 a tonne in the morning. But on the futures market the October position closed £6.875 up at £383.25 a tonne after having fallen to £365 earlier *in the day. The turnround* in the market was attributed to news of new buying by Mexico, and a "buy" recommendation from a leading U.S. commission house.

Cocoa moved erratically following reports of fresh selling by Brazil and the Cameroons.

Carlos Pinto, president of *the Cocoa Producers Alliance,* announced he was resigning from the presidency following his appointment as Secretary for Trade, Industry and Tourism for the state of Rio de Janeiro. *He is also leaving his post as special adviser* to the Brazilian Government planning ministry for cocoa.

Inco plans new cobalt refinery

TORONTO—Inco said its Inco Metals Company will build a $25m electro-cobalt plant at its Port Colborne, Ontario, nickel refinery.

The plant, where design and construction is to start immediately, is expected to begin operations by the end of 1982 or early 1983, and will have an annual capacity of 2m lb of cobalt metal and will employ 30 to 40 people. Inco said. Reuter

UK GRAIN MARKET

End-season shortage lifts wheat

BY A CORRESPONDENT

HARVEST is less than a month away and Britain's farmers are preparing to cut another heavy crop. But at the close of a dull and depressed marketing year, trading in grain grown last summer has suddenly surged back to life.

Prices of old crop wheat have moved sharply up since the end of April as flour millers and animal feed manufacturers discovered that supplies have run severely short.

Throughout most of the season, grain consumers gauged the market shrewdly. They avoided buying large tonnages forward and instead acquired much of their needs on the spot market where prices were *invariably cheaper.*

But now, with less than eight weeks to wait before the new wheat arrives, millers and compounders have been caught short. They have found the relatively small tonnages of *wheat neded to bridge the gap* difficult to buy, and have forced up prices by competing for scarce supplies.

Export success

In the first week of May, feed wheat was trading at an average of £93.60 a tonne ex-farm. By June 12 its value had soared to £103.60 a tonne and was still moving ahead.

Best quality bread wheat has also become expensive, yet millers are being forced to pay up. Their dependence on the old crop is particularly acute as wheat used fresh from the field is unsuitable for milling.

At the start of the current season, few in the trade thought that last year's massive 7.1m tonne wheat crop would not easily match demand. It was generally forecast that surplus grain would keep prices weak and that heavy stocks would have to be carried into the 1980-1981 marketing year.

There was little evidence to disprove this argument until last month. Then it became clear that exports had accelerated late in the season, consumers' demand for home-grown wheat had exceeded all expectations and intervention was mopping up the tiny surplus of milling wheat that remained.

Shippers' success in selling British wheat abroad this season has certainly proved a surprise. Up to May 20, 465,000 tonnes had been exported, compared *with only 139,000 tonnes* in the whole of last season.

Since exports first became a significant feature of the British grain trade in 1977-78, barley has taken an overwhelming proportion of the business, while wheat has normally been unable to compete with French supplies on quality or price.

This season, barley sales of *876,000 tonnes in mid-May were* well behind the 928,000 tonnes exported by the same date last year, yet wheat exports had broken all records.

The buoyancy of Britain's wheat exports can be attributed *to a favourable price compared* with Continental offers, particularly in March and April, and the generosity of the EEC's wheat export subsidies this year.

Much of the grain was sold to the Continent for trans-ship*ment, but sizeable cargoes have* also been sent direct to North Africa. As in previous years, Poland has been the biggest customer for barley, but for the first time the Poles also bought a shipment of English milling wheat.

Supply squeeze

With Britain producing perennial surpluses of the crop, the new opening would be more than welcome.

Flour millers could use about 2.8m tonnes of domestic wheat this year, against an average of 2.4m tonnes in the preceding five years. Feed companies, meanwhile, are forecast by the Ministry of Agriculture to use 3.45m tonnes, or 17 per cent more than last season. This *could be a gross underestimate.*

Compounders admit that their demand for wheat has been about 25 per cent higher than in 1978-79, in spite of lower sales of their products.

Adding the final inflationary impetus to the market was last month's special intervention programme for bread wheat opened throughout the EEC. In Britain, only a small *quantity* was offered, around 10,500 tonnes. But this appears to have *been enough to remove* the few remaining holders of milling wheat from the market, and at a critical time.

Two-thirds of the grain may never go into store, but there seems little likelihood of spot *wheat values easing markedly* until the new crop arrives.

However, traders feel that prices cannot go much higher either. Local supply squeezes are certainly in evidence, but little interest has been shown in expensive French milling wheat, indicating that consumers hope they can scratch together the few tonnes they need from UK sources.

Their stolid lack of activity on forward markets also reveals a belief that prices will tumble at harvest time.

Forward prices seem to reflect hopes of a heavy crop—possibly *more than* last year's 17.3m tonnes. Ex-farm feed wheat for September delivery now fetches less than the intervention level and barley at £5.50 discount to the support price takes into account the cost of delivering into intervention.

But the very weakness of the harvest market must cast doubts over consumers' *prospects for* cashing in. Producers with storage space will refuse to sell until prices improve. Those without storage may well be tempted by attractive prices to ignore their prejudices, accept *the bureaucracy and sell into* intervention.

Canada, Australia boosts Soviet grain sales

IN SPITE of undertakings to observe U.S. limits on wheat sales, Canada's exports of grain to to Russia in the crop year ending July 31 will be 3.8m tonnes—up 150 per cent from a year earlier, the Federal Government said. This is the highest level since 1975-76.

At the same time Australia, which pledged not to take up *Soviet grain shortfalls,* has vastly increased the volume of wheat exports to Moscow in recent months, according to Australian Bureau of Statistics figures.

Th Soviet Union bought 1.7m tonnes of wheat from Australia in the nine months to March, 1980, including 303,000 tonnes in March this year, compared *with 157,000 tonnes in the same* nine-month period a year ago, the figures show.

Malcolm Fraser, Australia's Prime Minister, in retaliatory steps over the Soviet intervention in Afghanistan, pledged last January not to make up the shortfall in Soviet orders caused by Washington's *cancellation of grain contracts for* 17m tonnes.

The Deputy Prime Minister's office said most of the contracts were signed before the Soviet intervention and maintained that Australia's level of trade was consistent with international levels.

But in Washington, U.S. Agriculture Secretary Bob Bergland *said* shipments of grain and protein products to the USSR in violation of the embargo had been relatively small. He estimated them at about 500,000 tonnes.

Mr. Bergland said he doubted *reports from Europe* that soyabean crushers were buying U.S. soyabeans and sending the meal to the USSR. He said the increased buying by East European countries was expected by the U.S. — they told us last fall that the USSR would not be able to ship the normal amounts of grain because of the poor crop," Mr. Bergland said.

He said *the* East Europeans, especially Poland and East Germany, now know they could depend on the U.S. as a reliable supplier of grain.

Mr. Bergland said he could not imagine President Carter lifting the embargo as long as the Russians remained in Afghanistan.

The USDA was looking at the possibility of bilateral grain agreements with several countries including China, Mr. Berg*land said. But there* were no active negotiations, he said.

A delegation of Chinese agriculture officials is scheduled to arrive in the U.S. in July for a two-week visit. Mr. Bergland said China is increasing imports of U.S. agricultural products and predicted it will become a dominant buyer. Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground on the London Metal Exchange. Forward metal opened around the £859.5 level but *drifted to around £857.5 during the* morning rings reflecting the nervousness in the bullion market. In the afternoon talk of trouble on the Egyptian-Libyan border encouraged short covering in *New York* and lifted three months' metal in London to the £857.5 level at the close. Turnover: 22,250 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	836-.5	+1.25	842-4	-6
3 months	857.5-8	+2.25	864.5-5.5	+9.5
Settlem't	836.5	-1	—	......
Cathodes				
Cash			816-8	+9
3 months	808.9	-.5	843-4	-11.5
Settlem't	834.5-5.5	-3	—	......
U.S. Prod	809	-1	*88-90	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £835, 35.5, three months £859, 58.5, 58, 57.5, 57, 57.5. Cathodes, cash £810, three months £855. Kerb: Wirebars, three months £857.5, 57, 58. Afternoon: Wirebars, three months £864, 65, 65, 65, 65.5, 65, 64, 65, 64.5, 65, 64, 64.5, 65. Cathodes, cash £818, three months £743.5, 44. Kerb, Wirebars, three months £866, 67, 67.5, 68, 67.5, 67, 66.5.

TIN—Marginally easier following the decline at Penang and American profit-taking. Forward metal opened around the £7,280 level and moved up to £7,300 on the morning kerb before weakening to end the afternoon at £7,280. Turnover: 1,485 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7235-45	-25	7240-60	-15
3 months	7330-40	-12.5	7310-30	-27.5
Settlem't	7245	-40	—	......
Standard				
Cash	7230-40	-30	7240-50	-20
3 months	7295-300	-12.5	7285-90	-22.5
Settlem't	7240	-30	—	......
Straits E.	:$2135-9	......		......
New York	—	......		......

Morning: Standard, cash £7,230, 25, 30, 35, three months £7,280, 75, 80, 70, 75, 85, 90, 7,300. Kerb, Standard, three months £7,285. Afternoon: Standard, three months £7,300, 7,290, 85, 87. Kerb: Standard, three months £7,280, 70, 65, 60.

LEAD—Moved ahead in the wake of fresh buying of both cash and forward metal which lifted three months material to the day's high of £326 prior to a close on the late kerb of £325.5. Turnover: 8,300 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	313-4	+5.5	315-6	+5.5
3 months	321-2	+5.25	324-5	+6.25
S'ment	314	-6	—	......
U.S. Spot	—	......	*36-40	......

Morning: Cash £314, 15, 14, three months £320, 22, 21. Kerb: Three months £320. Afternoon: Three months £321, 23, 24. Kerb: Three months £327, 26, 25.

ZINC—Moved narrowly, with three months metal moving ahead from £296 to £301 before ending the late kerb at £300.5. *Turnover: 4,375 tonnes.*

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	284-.5	+.25	288-9	+4.5
3 months	295.5-6	-.25	300-2	-5
S'ment	284.5	-3.5	—	......
Primw'ts	—	......	*35.5	......

Morning: Cash £284, three months £298, 97, 96. Afternoon: Three months £298, 93, 300, 300.5, 300.

ALUMINIUM—Gained ground after an *uncertain opening. Three months metal* opened in the region of £786 and lifted to £793 during the morning [illegible] renewed general selling. The market picked up strongly in the afternoon, however, with forward metal closing the day at £704.5, following persistent and aggressive short covering. Turnover: 6,150 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	681-3	+.5	694.5-5.5	+15.5
3 months	694-5	-2	702-3	+5.5

Morning: Cash £682, 83, 82, three months £694, 93, 92, 91, 92, 93, 94, 95. Kerb: Three months £694, 95. Afternoon: Three months £700, 2, 3, 4, 5, 4, 2. Kerb: Three months £702, 3, 4.

NICKEL—Edged higher in quiet and *thin trading with forward metal finally* quoted at £2,760 on the late kerb. Turnover: 192 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2690-700	+25	2700-10	-65
3 months	2768-80	-13	2770-80	-20

Morning: Three months £2,760.

COCOA

Futures were unchanged at the opening and made a £10 gain during the morning but light profit-taking eroded this and closing levels were little altered to Monday evening, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1107.00	+6.5	1112-1099
Sep	1121-22	-2.0	1130-19
Dec	1165-66	-3.5	1175-65
March	1201-03	-9.0	1211-01
May	1231-25	-10.5	1235-30
July	1240-50	-10.0	1258
Sept	1265-70	-7.5	1270

Sales: 1,572 (806) lots of 10 tonnes.

COFFEE

Robustas collapsed in the morning session on heavy trade and commission house activity. Afternoon trading was extremely erratic, values at one point were over £50 down, before rallying back to the day's highs where again heavy commission house dealing on both sides of the market saw values fall again to finally close *in the mid-ranges, reports Drexel* Burnham Lambert.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1557-58	-28.5	1565-20
Sept	1601-05	-38.0	1625-82
Nov	1634-35	-25.0	1655-15
January	1655-60	-24.5	1674-34
March	1625-30	-15.0	1630-00
May	1625-38	-14.5	1580-00
July	1610-35	-12.5	—

Sales: 9,000 (7,124) lots of 5 tonnes.

ICE Indicator prices for June 16 (U.S. cents per pound): Other Mild Arabicas 182.33 (188.17). Robustas ICA 1976 175.00 (175.25). ICA 1968 175.25 (175.50). Unwashed Arabicas 209.50 (same). Comp. daily ICA 1968 190.72 (132.03).

GRAINS

The market opened unchanged and in very quiet trading values increased with the main buying interest being *in wheat. Barley remained about* steady but selling pressure eased values slightly in the afternoon session. Fairly good commercial buying was seen on the dip and values closed about steady, unchanged to 10p down, report Acli.

WHEAT			BARLEY	
Mnth	Yesterday close	+ or —	Yesterday close	+ or —
Sept.	95.20	+0.15	91.75	......
Nov.	93.95	......	95.65	+0.05
Jan.	102.95	+0.10	99.50	......
Mar.	106.35	......	102.75	+0.10
May	109.75	-0.25	106.00	+0.10

Business done—Wheat: Sept. 95.35-95.15, Nov. 93.15-38.95, Jan. 103.10-102.95, March 106.50-106.50, May 109.90-109.75. Sales 108 lots of 100 tonnes. Barley: May 91.30-91.80, Nov. 95.75-95.65, Jan. 99.60-99.50, March 102.85-102.75, May 106.10-106.00. Sales 207 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, July 94.75, Aug. 96.00, Sept. 96.75 transhipment East Coast. English Feed fob Sept. 99.50, Oct. 101.00, Oct.-Dec. 102.00 East Coast. Maize: French, June 119.50, July 119.75 East Coast. S. African Yellow July-Aug. 80.00. *Barley:* English Feed fob Sept 94.25, Oct. 97.50, Oct.-Dec. 99.25, Jan.-March 105.00 East Coast, all sellers. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 90.00, S. West 91.00, W. Midlands 90.00, N. West 90.00.

RUBBER

The London physical market opened easier, with fair interest at lower levels, closing on a quiet note. *Lewis and Peat* reported a Malaysian godown price of 295 (293) cents kg (buyer), July).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
July	52.70-52.80	51.40-51.50	50.60-50.40
Aug.	61.70-62.20	62.50-62.60	—
Jly-Sept	61.70-62.10	62.50-62.60	61.80-61.70
Oct-Dec	65.00-65.10	63.25-65.05	65.40-64.50
Jan-Mar	63.00-66.10	68.90-69.10	68.50-67.40
Apr-Jne	70.70-72.80	71.60-71.90	70.80
Jly-Sept	73.50-73.70	74.50-74.70	—
Oct-Dec	75.50-76.10	76.90-77.00	75.70
Jan-Mar	76.50-78.50	79.50-79.60	73.50-78.20

Sales: 325 (192) at 15 tonnes, 3 (3) at 5 tonnes.

Physical closing prices (buyer) were: Spot 59.50p (50.00p); July 63.25 (63.75p); August 63.50p (64.50p).

SILVER

LME—Turnover 255 (101) lots of 10,000 ounces. Morning: Three months 692, 93, 97, 93, 93, 92. Kerbs: Three months 690. Afternoon: Three months 688, 87, 88, 89, 93, 91, 90. Kerbs: Three months 691, 90, 92, 94, 92.

Silver was fixed 18.3p an ounce lower for spot delivery in the London bullion market yesterday at £6.6525. U.S. cent equivalents of the fixing levels were: spot $15.50, down 53c, three-month $15.84, down 45.5c, six-month $16.22, down 51.8c and 12-month $17, down 48.2c. The metal opened at £6.6-£6.75 ($15.4-15.7) and closed at £6.55-£6.70 ($15.25-15.55).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	665.25p	-18.3	661.75p	-18.2
3 months	692.20p	-18.5	690.5p	-16.0
6 months	715.10p	-21.2	—	......
12 months	760.10p	-22.2	—	......

SOYABEAN MEAL

The London market opened steady on commission house buying, reports T. G. Roddick. Prices continued firm with trade buying and short covering pushing values up to show gains of £2 on day.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
June	98.00-99.00	+1.0	—
August	102.30-02.6	+1.65	102.60-02.30
October	105.00-05.2	+2.0	105.00-01.50
December	106.50-06.6	+1.90	106.50-04.70
February	103.30-09.7	+1.40	109.50-08.70
April	111.60-12.0	+1.40	111.20-11.10
June	112.00-14.5	+1.75	—

Sales: 73 (11) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £315.00 (£330.00) a tonne cif for June-*July-Aug.* shipment. *White* sugar daily price was £336.00 (£348.00).

Opening prices were some £3-£4 below kerb levels and during the morning prices continued to drift in dull conditions. Later, however, following reports that Mexico had made further substantial purchases, prices rallied sharply with gains of up to £20.00 *being recorded in hectic trading,* reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
	—	—	—
Aug.	366.50-67.00	358.55-59.00	379.00-48.00
Oct.	366.00-65.50	376.25-76.50	387.00-65.50
	—	—	—

Sales: 5,677 (6,418) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order: buyer, seller only). Aug. 359.00-361.00, Oct. 376.75, 377.00; Jan. 388.00, 389.00; March 392.50, 393.75; May 387.50, 388.00; Aug. 378.00, 379.50; Oct 374.00, 374.90. Sales: 6,179 (4,157).

Tate and Lyle ex-refinery price for granulated basis white sugar was £324.7 (same) a tonne for home trade and £436.50 (£449.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 16: Daily price 31.19 (32.34); 15-day average 31.35 (31.30).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kg. Aug. 360, 362, 363-361, 4; Oct. 362, 364, 264, 3, Dec. 363, 367, 367, 1; Jan. 365, 368, 368-366, 3; March 370, 372, 370, 1; May 372, 373, nil, nil; Aug. 372, 376, 374, 3; Oct. 373, 375, nil, nil; Dec. 375, 380, nil, nil. Sales: 15.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. July 458.0, 459.0, 463.5-458.0, 60; Oct 455.0, 458.0, 458.0-454.0, 101; Dec 453.0, 454.0, 456.0-452.0, 59; March 455.0, 456.0, 458.0-455.0, 20; May 456.0, 458.0, 458.0-455.0, 24; July 460.0, 462.0-458.0, 23; Oct. 459.0, 460.0, 462.5-458.0, 38; Dec. 459.0, 460.0, 462.0-459.0, 12. Sales: 344.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 50 tonnes, bringing the total for the week so far to 143 tonnes. Dealings remained light with little inclination on the part of customers to extend engagements. Scattered operations were mentioned in various descriptions, mostly in the American-type range.

*

POTATO FUTURES—Prices moved higher as trade buying offset selling by *speculators on Monday,* reports Coley and Harper. Closing prices: Nov. £50.30, +0.90 (high £50.30, low £49.20); Feb. £55.40, +1.60 (high £56.55, low £53.50); April £59.50, +2.30 (high £59.50, low £57.80). Turnover: 56 (131) lots of 40 tonnes each.

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.50, codlings £2.50-£3.20, large haddock £3.30-£4.00, medium £3.80-£4.20, *small £1.80-£2.50; large plaice* £5.00-£5.50, medium £4.40, best small *£3.50-£4.00;* medium skinned dogfish £6.00; large lemon soles £7.00, medium £6.00; reds £2.60-£3.00; saithe £2.00-£2.40.

*

HIDES—Birmingham: market firmer. Second clears, Ox 31-35.5 kilos, 30.7p a kilo (28p a kilo); 26-30.5 kilos, 36p (30.8p). 22-25.5 kilos, 39.2p (35.9p). *Light cows 38p (33.2p).*

PRICE CHANGES

In tonnes unless otherwise stated.

	June 17 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1635/65	......	$1785/15
Copper			
Cash w'bar	£843	+8	£883.5
3 mths	£865	+9.5	£908.25
Cash Cathode	£817	+9	£862.5
3 mths	£843.5	+11.5	£887
Gold troy oz.	$591.5	-3.5	$507
Lead cash	£315.5	+5.5	£347
3 mths	£324.5	+6.25	£355
Nickel	£3,248.35	......	£3,335
Freemkt(cif lb)	270/300c	......	285/295c
Platin'mtr'y oz	£182.50	......	£189/195
Free mkt	£266.30	-3.85	£237.90
Quicksil'ver†	$370/380	......	$380/389
Silver troy oz	665.25p	-18.30	524.50p
3 months	692.30p	-18.50	544.20p
Tin Cash	£7,245	-20	£7,432.5
3 mths	£7,287.5	-22.5	£7,495
Tungsten22.04lb	$141.73	......	$142.49
Wolfrm 22.04 lbs	$141/146	+1	$138/145
Zinc cash	£288.5	+4.5	£305
3 months	£301	+5	£315.5
Producers	$780	......	$760/825
Oils			
Coconut (Phil)	$650x	......	$625
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$565x	+2.5	$585
Seeds			
Copra Philip	$430	-10	$400
Soyabean(U.S.)	$268x	+3.06	$263.75
Grains			
Barley Futures	£95.65	+0.05	£91.60
Maize			
French No3AM	‡	‡	‡
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	‡
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,177	-2	£1,165
Future Sept.	£1,121.5	-2	£1,114
Coffee F't Sept.	£1603	-38	£1,740.5
Cotton A.Index	83.50c	-0.30	88.65c
Rubber (kilo)	59.50p	-0.50	58.60p
Sugar (Raw)	£315	-15	£335
Wooltp's 64s kl	293p kilo	......	295p kilo

u July-Aug. s June-July. w Aug. x July. z Indicator. § Buyer. ‡ Per 76-lb flask.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 17. GB—Cattle 81.27p per kg liveweight (−0.56). UK—Sheep 147.97p per kg adcw (−3.15). GB—Pigs 65.08p per kg liveweight (−0.14).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 66.0 to 71.0; Ulster hindquarters 80.0 to 87.0, forequarters 42.0 to 46.0; Eire hindquarters 83.0 to 86.0, forequarters 42.0 to 45.0. Lamb: English small, new season 62.0 to 70.0. Imported frozen: NZ PL 60.0 to 61.0, PM 57.0 to 58.0. Pork: English, under 100 lb 42.0 to 49.0, 100-120 lb 40.0 to 47.5, 120-160 lb 38.0 to 45.5.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Valencia Lates 2.80-4.00; Egyptian: Valencia Lates 75/125's 2.00; Moroccan: 54/113's 3.60-4.30; Cyprus: Valencia Lates 3.60-4.50; Arizona: *Valencia Lates 72/113's 3.60-5.00;* Outspan: Navels 3.80-4.55. Lemons—Italian: 100/150's 3.00-3.50; Spania: Trays 25/45's 1.80-2.00, boxes 4.40-5.50. Grapefruit—Jaffa: Boxes 40/56's 5.00-5.50; Outspan: 4.00-4.85. Apples—New Zealand: Sturmer Pippins 8.40, Red Delicious 138's 9.00-9.20, Richared 8.00-8.60, Granny Smith 8.80; *Tasmanian: Jonathans 8.30, Golden Delicious 7.30-7.50, Sturmer Pippins* 8.30-8.50; S. African: Golden Delicious 9.50-9.80, Yorks 8.00-9.00, Granny Smith 9.00-9.20: Dutch: 22 lb Golden Delicious 2.40; French: 40-lb boxes: Golden Delicious 138/198's 5.80-8.50, 20 lb 3.20-3.40; Italian: Jonathans/Romes 40 lb 5.60-6.00, Winesaps 5.60. Pears—S. African: Approx. 35 lb Winter *Nelis 6.50-7.50;* Italian: Passacrassane 12 lb 2.00; Victorian: Josephines 10.00, Winter Nelis 8.40-8.90. Peaches—Spanish: Yellow flesh 2.00-3.50; Italian: 4.00. Plums—Spanish: Red, per pound 0.30-0.50, Yellow 0.25-0.30. Apricots—Spanish: 2.30-3.00. Grapes—Victorian: Ohanez 23 lb 10.00; S. African: Barlinka 11.00. Strawberries—Per punnet, *Italian: 0.20-0.25;* American: 0.85. Cherries—Per pound, French: 0.40-0.55; American: 0.80; Lebanese: 0.60; Italian: 0.55. Melons—Israeli: Galia 4.00-4.50; Spanish: Galia 5/6's 3.60, Ogen 3.50-4.00, Moriana 5 kg 2.40; Israeli: Yellow 5.00-5.25. Water-melons—Israeli: 5.00; Spanish: 3.60. Avocados—S. African: 2.50-3.20. Bananas—Jamaican: 28 lb, per pound 0.18. Tomatoes—Dutch: 2.00-2.20; *Jersey:* 2.00-2.20; Albanian, 1.50; French: 1.70. Onions—Dutch: 6.20; Spanish: 6.00-6.30; Moroccan, 6.30; French: 6.60. Potatoes—Cyprus: New crop 20 kg 4.20; Jersey: 3.55-3.85; French: 2.60. Carrots—French: 22 lb 2.50, 28 lb 3.40; Italian: 3.00. Beetroots—Cyprus: New crop, approx 28 lb 2.80-3.00. Cabbages—Dutch: White 2.50-2.60. Courgettes—French: Per pound 0.30. Capsicums—Spanish: 3.00, Canary 3.00-3.50; Dutch, 4.50.

English Produce: Potatoes—Per bag 2.00-2.30. Mushrooms—Per pound 0.60-0.65. Apples—Per pound Bramley 0.11-0.19. Strawberries—English per ½ lb 0.12-0.18. Cabbages—Per bag 1.00-1.30. Cauliflowers—Per 12's English 1.50-2.50. Peas—Per pound 0.10-0.12. Broad Beans—Per pound 0.08. Cucumbers—Trays 16/20's 1.60-2.00, pre-pack 1.80-2.40. Tomatoes—Per 12 lb 1.60-2.20. Lettuce—Per 12 round 0.70-1.00, Cos 1.40, Webbs 1.40. Rhubarb—Per pound outdoor 0.06. Onions—Per bag 6.80-7.20. Celery—English 12/30's 2.60-3.80. Asparagus—Per pound 1.20. Gooseberries—Per pound 0.18-0.20.

AMERICAN MARKETS

NEW YORK, June 17.

GOLD AND silver advanced moderately on short-covering by commission houses. Chart buying was the main reason behind *higher copper prices.* Higher live prices in the country were responsible for sharp price increases in the livestock complex. Heavy selling in sugar on improved beet crop conditions resulted in substantial losses. Coffee was limit down on lack of buying interest. Cocoa settled again into its downward drift. Trade buying *led to minor gains in cotton.* Grains and soyabeans retreated modestly on reports of good growing conditions, reported Heinold.

Potatoes (round whites)—Nov. 74.5-75.0 (75.0), March 89.0-89.5 (89.9), April 103.4-103.7. Sales: 460.

Sugar—No. 11: July 32.60-32.80 (32.65), Sept. 34.10-34.20 (34.98), Oct. 35.00-35.20, Jan. 35.50-36.50, *March* 36.35-36.50, May 35.75-35.80, July 35.00-36.10, Sept. 34.15-34.25, Oct. 34.00-34.05. Sales: 14,727.

Tin—773.00-776.00 asked (772.00-777.00).

CHICAGO, June 17.

Lard—Chicago loose 17.50 (same). *New York prime steam 17.50 (same).*

Live Cattle—June 68.80-68.75 (67.75), Aug. 67.85-67.65 (66.47), Oct. 66.25-66.10, Dec. 67.60-67.50, Jan. 68.30, Feb. 68.40-68.50, April 69.00-69.10.

Live Hogs—June 37.65-37.95 (36.50), July 38.20-38.15 (37.46), Aug. 37.80-37.70, Oct. 37.90-38.00, Dec. 41.10-41.20, Feb. 43.75, April 42.80, June 44.30, July 46.40.

‡‡Maize—July 279¾-279½ (280½), Sept. 287½-287½ (288), Dec. 294½-294¾, *March 306¾-306½, May 313¾-313½,* July 318½.

Pork Bellies—July 30.25-30.45 (29.32), Aug. 30.50-30.30 (29.52), Feb. 48.35-48.50, March 48.00, May 49.00, July 49.40, Aug. 48.80.

†Soyabeans—July 631-632 (634½), Aug. 639½-640 (642¼), Sept. 647½-648, Nov. 663-662½, Jan. 677¼-677½, March 693-693½, May 706, July 714.

§Soyabean Meal—July 172.1-171.7 (172.3), Aug. 176.2-176.1 (175.3), Sept. 177.8-178.0, Oct. 181.0, Dec. 185.3-185.7, Jan. 187.7-188.0, March 191.5-192.0, May 198.0-199.0, July 200.5-201.5, Aug. ——.

Soyabean Oil — July 21.90-21.92 (22.11), Aug. 22.15-22.13 (22.34), Sept. *22.40-22.35, Oct. 22.57-22.60, Dec.* 23.00-23.05, Jan. 23.10, March 23.55, May 23.95, July 24.10, Aug. 24.15-24.25.

†Wheat—July 404½-404 (406¼), Sept. 416-416½ (417¼), Dec. 435-434, March 449½, May 456½, July 460.

WINNIPEG, June 17. $Barley—July 137.80 (137.80), Oct. 127.50 (127.30), Dec. 126.00, March 126.00, May 125.90.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. † Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, June 17.

Wheat—U.S. No. 2 Red Winter July $173.50, Aug. $177.50, Sept. $182.50. U.S. No. 2 Northern Spring, 14 per cent, June $198, July $197, Aug. $198, *Sept. $200, Oct. $202, Nov. $206, Dec.* $212. Rest unquoted.

Maize—Spot $148, afloat $142, June $142, July $140.50, Aug. $141, Sept. $143, Oct.-*Dec,* $146.50, Jan. March $154.50, April-June $159.

Barley—June $144, July $146, Aug. $147.

Soyabeans—U.S. Two Yellow Gulfports spot $260, afloat $258.75, June $258.75, July $261.50, Aug. $264.75, Sept. $268, Oct. $271, Nov. $271, Dec. $276, Jan. $280, Feb. $286, March $289. Brazil Yellow Faq discharging $257.00. Argentine June-July $255.50, Aug. $257.50, Sept. $263 sellers.

Soyameal—44 per cent protein U.S. afloat $214, June $215, July $218, Aug. $220, Sept. $224, *Nov.-March* $238. Brazil Pellets afloat $221, June $221, July $222.50, Sept. $230, Oct. $236, Nov.-March $246.75.

PARIS, June 17.

Cocoa (FFr per 100 kilos)—July 1100, Sept. 1085-1093, Dec. 1109-1110, March 1134-1137, May 1145, July 1165. Sales at call 6.

Sugar (FFr per 100 kilos)—Aug. 3315-3324, Oct. 3473-3475, Nov. 3450, Dec. 3580-3600, March 3650-3680, May 3670, July 3690, Aug. 3690. Sales at call 2.

INDICES

FINANCIAL TIMES

Jun 16	Jun 13	M'nth ago	Year ago
264.99	264.92	271.29	301.77

(Base: July 1, 1952=100)

MOODY'S

June 16	Jun 13	M'nth ago	Year ago
1144.0	1138.7	1119.8	1106.4

(December 31, 1931=100)

DOW JONES

Dow Jones	June 16	June 13	Month ago	Year ago
Spot	428.07	431.79	436.84	425.31
F'tur's	448.99	446.79	442.86	429.31

(Average 1924-25-26=100)

REUTERS

June 17	June 16	M'nth ago	Year ago
1668.3	1672.0	1720.8	1631.7

(Base: September 18, 1931=100)

ull in demand for equities but undertone remains firm
dex up 1.4 at 469.0—Long-dated Gilts below best

unt Dealing Dates
Options

Declara-tions	Last Dealings	Account Day
June 12	June 13	June 23
June 26	June 27	July 7
July 10	July 11	July 21

* "New time" dealings may take place from 9 am two business days earlier.

Demand for equities showed signs of flagging yesterday, a natural reaction after the recent sharp upward movement. The underlying tone remained extremely firm though as illustrated by the ease with which 11m shares in Pilkington Bros. were placed at about £25½m with institutions through the market.

Medium and long-dated Gilt-edged continued to draw strength from the better-than-expected May trade figures and last Monday's exhaustion of the medium tap. Fresh overseas demand took prices higher before a good two-way trade developed which left closing gains ranging to ⅜ and sometimes more, about ⅛ to ½ below the day's best. In contrast, talk of a new short-tap being announced on Thursday coupled with extremely tight conditions in money markets caused pressure on short-dated issues. Prices at this end of the market closed with losses extending to ¼ and were trending lower in the late dealings. The credit shortage was caused by the resale to the banks of £500m of gilts bought by the authorities earlier in the year and settlement for heavy purchases of the medium tap on Monday.

Leading industrials started on a subdued note, but early selling was small and soon dried up. Buyers were still showing occasional interest and final quotations were generally a shade harder on the day. Down 1.6 at the 11.00 am calculation, the FT 30-share index closed 1.4 higher on balance to take its rise over the past 11 trading days to 56.3 at 469.0.

Overall trading conditions in equities were quieter, but many secondary issues caught up with the previous day's sharp improvement in the leaders and total bargains over the last two days averaged 26,589 compared with 20,143 a week ago.

Traded options remained active with a total of 1,693 deals done. Grand Metropolitan continued to attract strong interest with 394 contracts completed, while others in demand included Shell, 137 trades, and Lonrho, 198.

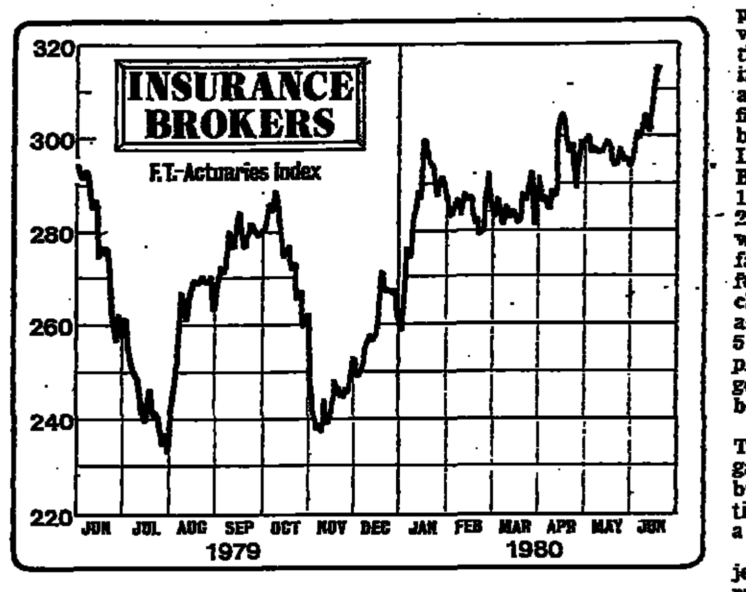
Discounts better

Buoyed by the impressive performance of gilts, Discount Houses made useful progress. Alexanders led the advance with a rise of 15 to 248p, while improvements of 10 were seen in Allen Harvey and Ross, 340p, Gerrard and National, 258p, and Seccombe Marshall and Campion, 240p. Among smaller-priced issues, Clive added 4 to 49p as did Jessel Toynbee, to 78p and King and Shaxson, to 80p. Another good business was transacted in the major clearing banks but the closing trend was mixed. After initially easing to 392p, Barclays rallied to close 12 higher on balance at 407p but Lloyds finished only a penny harder at 332p, after 328p. Bank of Scotland were notable for a rise of 10 at 273p. In thin markets, Brown Shipley added 12 to 348p and Schroders gained 18 to 248p. Cheaper money hopes encouraged Hire Purchases with Sterling Credit a couple of pence better at 14p and Cattles Holdings 1½ dearer at 33p.

Composite Insurances scored fresh improvements ranging to 8, but, among Life issues, Legal and General softened 2 to 187p with sentiment undermined by news of the company's labour troubles.

The emphasis in Buildings switched to selected secondary issues where P. C. Henderson jumped 30 to 185p and the "A" 32 to 175p as speculative interest increased. Among Housebuilders, Federated Land stood out with a gain of 6 at 76p, while Gough Cooper added 2 more to 72p. Renewed support lifted John Mowlem 6 to 98p, while Westbrick Products firmed 5 to 56p, the latter in response to the increased annual profits and the chairman's confident remarks. Beechwood Construction hardened a fraction to 21p despite the lower preliminary profits, and Allied Plant added 1½ to 33½p in belated response to the chairman's confident statement. Brown and Jackson held at 136p ex rights; the price in Monday's issue was incorrect. Among the leaders, Costain were notable for a gain of 6 at 164p.

Subjected to profit-taking at the outset when a couple of pence was clipped from the price, ICI subsequently regained the overnight level of 386p as steady buying ensued. Other Chemicals closed narrowly mixed. James Halstead, at 29p, relinquished 1½ of the previous day's gain of 3½, but William Ransom improved 5 to 245p. Arrow, a dull market of late on the company's failure to meet its profit forecast, shed 3 more to 40p.



Mail-orders firm

Secondary Stores again made a firm showing although trade was reduced from recent levels. Ratners added 4 more to 62p on speculative support while dealings in Polly Peck were suspended at 85p pending a statement. Increased support was noted for House of Lerose, 4 up at 62p, and for Grant Bros., 10 harder at 100p, while Owen Owen rallied 6 to 118p. Mail-order issues attracted useful late support with Grattan, 62p, and Empire, 148p, both closing 6 to the good. House of Fraser, dull recently, recovered 3 to 132p ahead of tomorrow's annual meeting.

Electricals again trended to higher levels although the previous day's activity was not maintained. GEC added 4 more to 389p, while Plessey firmed a couple of pence to 158p. Ferranti, annual results Tuesday, eased 8 to 550p following suggestions that the NEB's 50 per cent holding may be offered for general sale rather than going to a single bidder. Second thoughts over the Boardroom changes and reduced annual earnings clipped 5 from M.K. Electric, 180p.

Still reflecting nationalisation compensation hopes, Vosper jumped 20 more to 180p in Engineerings, while Yarrow gained 18 to 263p in sympathy. Despite the sharp cut in the dividend and the annual deficit, Peter Brotherhood rose 5 to 71p following the Board's optimism about current trading. GEI International added 4 to 79p in response to the favourable results, while demand was forthcoming for McKechnie, 93p, and Haden Carrier, 135p, which prompted closing gains of 6 and 7 respectively. Wadkin picked up 7 to 105p and Prestwich Parker rose 5 to 29p, while Davies and Metcalfe "A" added 4 to 20p.

Leading Foods usually reained the previous day's smart gains, but Tesco met nervous selling ahead of today's preliminary results and shed 3 to 59p, after 57p. Elsewhere, the satisfactory annual results left Robertson a penny firmer at 117p, while the higher preliminary profits and £1m rights issue proposal helped Hazelwood's to a gain of 7 to 86p. Nichols (Vimto) added 10 to 320p in response to the proposed acquisition of Solent Canners.

Early interest in miscellaneous industrials centred on Pilkington when 11.8m shares in the group which were previously owned by BSN-Gervais Danone S.A., a French public company, were successfully placed with various institutions at 215p a share; Pilkington initially eased to 223p on the news before rallying strongly to 236p and closing a net 9 up on balance at 232p. Other leaders took a breather after the recent euphoria and the closing tone was mixed. Elsewhere, hopes that the approaching two-for-one scrip-issue will enhance the shares' marketability lifted Holt Lloyd International 9 to 222p, while Applied Computers jumped 15 more to 385p with sentiment still buoyed by the recent good results. Awaiting further news of the bid approach, Unicorn Industries firmed 6 afresh to 122p, while buying on recovery hopes lifted Lesney 2 to 17p. Alpine, 67p, BTR, 322p, London and Midland, 116p, and Office and Electronic, 270p, all closed around 6 better, while Portals continued to reflect favourable comment with a further rise of 4 to 345p. Sutcliffe Speakman put on a like amount to 36p and Scapa added 5 to 72p. By way of contrast, profit-taking in the wake of the good results left National Carbonising 12 off at 132p.

Among Leisure issues, Horizon Travel put on 12 for a two-day gain of 22 to 280p on speculative buying. Boosey and Hawkes continued the recent revival with a fresh rise of 4 to 124p.

Motor Distributors, the subject of bearish comment recently, recovered to close with moderate gains. Caffyns, depressed since last week's disappointing annual results, rallied 6 to 118p, while T. Cowie, currently bidding for George Ewer, improved 3 to 38p.

Properties became subdued after recent gains on optimism about interest rates. Movements in the leaders rarely exceeded a penny or so in either direction, but selected secondary issues continued to attract support. Among the best were Warner Estates, up 13 to 278p in a limited market, and Evans of Leeds 8 better at 130p, also in a thin market. Property and Reversionary firmed 3 to 153p, after 155p, in response to the increased preliminary profits.

Leading Oils met profit-taking after the recent good run but the appearance of buyers at the lower levels left final quotations well above the worst. British Petroleum finished only 2 cheaper on balance at 378p, after 372p. Shell lost 4 to 406p. Ultramar touched 374p before settling at 378p for a net fall of 2, while Tricentrol eased 4 to 376p. Up 16 on Monday following the £5.78m rights issue proposal, Candecca Resources relinquished 4 to 176p, while Berkeley Exploration, a strong market of late on speculative buying, lost 14 to 220p, after 210p. Silkolene, on the other hand, still buoyed by a recent investment recommendation, added 10 for a five-day gain of 52 to 210p.

Stockjobbers Akroyd and Smithers continued to benefit from the recent relatively high level of Stock Exchange turnover and firmed 9 more to 281p, while Smith Bros. added a penny at 38p. Doubts over the group's proposed acquisition of Fairey left S. Pearson 4 harder at 228p, while Robert Kitchen Taylor attracted interest in front of today's half-timer and ended 5 firmer at 140p.

Textiles were again featured by Dawson International, 6 better at 113p on further consideration of the pleasing preliminary results. Nottingham Manufacturing, interim statement due next month, added 4 to 100p, while similar gains were seen in Sirdar, 87p, and British Mohair Spinners, 42p. Support in a narrow market lifted David Dixon 15 to 100p. Sidlaw, dull of late following the interim deficit, rallied 2 to 98p.

Trading in mining shares remained quiet yesterday, with most prices a little easier where changed. There were signs of small-scale selling in South African Golds as the bullion price eased further to $591.5, and this took the Gold Mine sindex down 4.7 to 328.5.

Among the heavier-priced issues, West Driefontein ended ½ down at £37½.

Falls to 8 were recorded in the lower-priced issues.

South African Financials drifted lower in sympathy, with De Beers 2 easier at 408p, Johnnies down ½ at £26½, and Anglo American losing 12 to 545p.

London Financials were also mostly easier where changed, with both Rio Tinto-Zinc and Selection Trust encountering profit-taking. RTZ closed 4 lower at 398p, and Selection Trust 2 lower at 682p.

Australians also ran into profit-taking, and this, along with the decline in the gold price, left most of the leaders a few pence cheaper at the end of the day. Pacific Copper lost 14 to 216p, Peko Wallsend 10 to 365p and CRA 8 to 256p.

Gold Mines of Kalgoorlie dipped 4 to 366p, North Kalgurli were down by a similar amount at 80p, Poseidon lost 5 to 175p.

Tins were largely untested. Profit-taking struck Gopeng, down 5 at 415p, and Berjuntai, 5 lower at 195p.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	300	82	1	88	—	100	—	375p
BP	330	52	2	68	1	86	—	"
BP	360	28	18	48	8	64	—	"
BP	390	11	9	27	4	40	—	"
BP	420	4	—	15	1	—	—	"
Com. Union	120	27	—	32	—	35	—	145p
Com. Union	130	18	—	23	3	27	1	"
Com. Union	140	9	27	14	45	20	—	"
Com. Union	160	1	—	4	—	9	—	"
Cons. Gold	460	27	22	56	3	72	—	476p
Cons. Gold	500	10	7	35	—	55	—	"
Courtaulds	60	12	45	15	3	17½	30	73p
Courtaulds	70	5	16	8	14	11	—	"
Courtaulds	80	1½	3	4½	67	7	—	"
GEC	330	64	—	75	7	88	1	389p
GEC	390	11	34	29	34	45	1	"
Grand Met.	120	35	27	33	—	41	—	154p
Grand Met.	130	25	27	29	49	35	2	"
Grand Met.	140	15	74	20	9	28	—	"
Grand Met.	160	4½	96	10	66	15	49	"
ICI	330	62	—	72	10	80	1	386p
ICI	360	32	26	42	21	56	—	"
ICI	390	9	17	22	12	35	—	"
ICI	420	2	—	9	10	—	—	"
Land Secs.	291	41	9	55	—	65	—	330p
Land Secs.	323	14	78	32	3	45	10	"
Land Secs.	355	3	—	15	26	28	30	"
Marks & Sp.	80	15	—	19	3	21½	—	94p
Marks & Sp.	90	6	20	11½	5	14	—	"
Marks & Sp.	100	1½	—	6	52	—	—	"
Shell	350	64	—	94	5	—	—	407p
Shell	360	54	12	65	22	80	—	"
Shell	390	27	1	44	44	56	10	"
Shell	420	10	44	21	5	38	—	"
Totals			590		556		137	
		August		November		February		
Imperial Gp.	70	14	—	16	2	17½	—	88p
Imperial Gp.	80	6	40	8	1	10½	—	"
Imperial Gp.	90	1½	—	3	2	5	10	"
Lonrho	70	28½	1	31	—	32	—	97p
Lonrho	80	19½	16	22	—	24	—	"
Lonrho	90	11½	71	14½	30	18	—	"
Lonrho	100	5	45	10	19	11½	—	"
P. & O.	100	24	—	28	—	29	1	119p
P. & O.	110	14	—	19	—	21½	10	"
Racal Elec.	220	44	15	56	—	58	—	262p
Racal Elec.	240	27	2	41	—	53	—	"
Racal Elec.	260	13	38	28	—	—	—	"
RTZ	330	78	10	100	—	—	—	398p
RTZ	390	27	2	52	15	70	—	"
RTZ	420	18	4	32	5	55	—	"
Totals			284		98		28	

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., June 17, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., June 16 Index No.	Fri., June 13 Index No.	Thur., June 12 Index No.	Wed., June 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	249.80	+0.9	17.65	6.40	6.96	247.52	240.08	238.18	236.22	249.18
2	Building Materials (28)	247.10	+0.9	18.16	6.65	6.54	244.90	237.02	236.91	235.16	231.50
3	Contracting, Construction (27)	369.41	+0.7	25.32	6.55	4.74	366.82	351.69	347.79	343.55	366.34
4	Electricals (16)	661.84	+1.0	12.50	3.69	10.38	655.14	636.07	631.61	628.24	595.95
5	Engineering Contractors (11)	303.22	+1.2	22.39	8.55	5.60	299.54	289.94	289.32	289.05	365.65
6	Mechanical Engineering (74)	167.56	+0.8	19.20	7.89	6.38	166.23	161.61	159.55	158.10	189.73
8	Metals and Metal Forming (16)	163.40	+1.0	21.26	10.01	5.64	161.79	157.36	155.71	153.26	169.26
11	CONSUMER GOODS (DURABLE) (49)	221.07	+0.5	14.86	5.77	8.25	219.90	213.67	210.29	207.99	233.48
12	Lt. Electronics, Radio, TV (14)	324.54	+0.4	11.26	4.12	11.37	323.20	314.00	307.59	303.59	316.45
13	Household Goods (14)	99.06	+0.5	29.85	10.67	3.99	98.53	96.41	95.53	94.00	162.59
14	Motors and Distributors (21)	102.18	+0.9	22.61	9.72	5.13	101.27	98.30	97.98	97.62	121.23
21	CONSUMER GOODS (NON DURABLES) (172)	230.11	+0.1	18.02	6.94	6.69	229.87	224.33	222.03	220.23	238.34
22	Breweries (14)	288.58	−0.7	15.26	6.30	7.73	290.58	284.29	282.33	281.07	276.07
23	Wines and Spirits (5)	310.28	+0.4	17.56	6.02	7.02	309.10	302.27	300.29	296.24	304.91
24	Entertainment, Catering (17)	333.00	−0.2	17.34	6.70	7.15	333.53	320.43	315.52	315.35	308.21
25	Food Manufacturers (21)	202.18	−0.2	19.86	7.39	5.93	202.67	197.07	195.72	194.71	218.04
26	Food Retailing (13)	327.24	−1.2	13.01	4.74	9.11	331.18	323.96	322.16	320.12	297.52
32	Newspapers, Publishing (13)	437.71	+0.1	21.82	6.68	6.19	437.29	437.40	435.61	413.72	427.27
33	Packaging and Paper (15)	134.81	+0.2	26.59	9.25	4.35	134.51	132.84	130.67	129.33	133.64
34	Stores (42)	224.70	+0.6	13.73	5.48	9.37	223.43	217.53	214.82	212.90	242.10
35	Textiles (24)	132.27	+2.5	24.95	11.74	4.87	129.00	123.57	123.04	120.49	168.40
36	Tobaccos (3)	219.14	+0.2	27.83	10.57	4.07	218.64	217.57	214.09	212.70	241.75
37	Toys and Games (5)	26.03	+3.8	46.71	14.65	2.48	25.08	26.23	26.23	26.37	76.22
41	OTHER GROUPS (99)	217.54	+0.4	17.13	7.06	6.93	216.65	211.08	208.98	207.71	206.22
42	Chemicals (16)	317.65	+0.2	19.73	7.58	5.81	316.92	308.58	304.61	302.77	292.19
43	Pharmaceutical Products (7)	217.62	−0.3	11.78	6.34	10.46	218.24	213.50	208.37	207.65	220.66
44	Office Equipment (6)	110.64	—	19.69	7.50	5.81	110.63	109.69	109.11	108.67	124.89
45	Shipping (10)	539.84	+0.7	13.59	6.54	8.91	536.33	523.39	525.38	523.46	467.47
46	Miscellaneous (60)	261.79	+0.9	17.36	6.92	7.07	259.37	251.56	250.61	248.58	243.78
49	INDUSTRIAL GROUP (492)	238.83	+0.4	17.49	6.75	6.91	237.83	231.56	229.27	227.47	240.19
51	Oils (8)	827.08	−0.7	27.89	6.23	3.96	832.94	815.74	810.62	816.12	642.72
59	500 SHARE INDEX	285.20	+0.2	19.76	6.63	5.94	284.71	277.56	275.03	273.77	272.86
61	FINANCIAL GROUP (118)	218.30	+0.9	—	5.75	—	216.28	210.06	207.43	204.57	193.23
62	Banks (6)	242.44	+0.9	40.39	6.70	3.03	240.31	230.66	226.91	224.41	237.11
63	Discount Houses (10)	263.88	+3.7	—	6.69	—	254.45	254.45	251.71	251.71	248.53
64	Hire Purchase (5)	217.74	+1.0	14.35	4.60	9.05	215.64	209.91	210.28	207.21	166.14
65	Insurance (Life) (10)	203.27	−0.1	—	6.26	—	203.50	198.65	198.35	195.55	163.13
66	Insurance (Composite) (9)	141.98	+1.9	—	7.58	—	139.32	133.92	132.20	130.42	128.53
67	Insurance Brokers (9)	315.47	+0.3	14.72	7.25	9.33	314.40	306.01	300.95	301.48	276.78
68	Merchant Banks (13)	118.01	+1.6	—	5.64	—	116.13	110.62	109.65	108.28	98.24
69	Property (45)	408.14	+0.3	3.34	2.84	42.53	406.81	401.14	394.06	385.30	336.41
70	Miscellaneous (11)	134.39	+2.1	16.35	6.49	7.77	131.60	129.57	129.81	129.25	121.97
71	Investment Trusts (109)	236.00	+0.3	—	5.84	—	235.25	229.06	228.70	225.57	213.38
81	Mining Finance (4)	196.08	−0.5	13.56	5.03	8.94	197.07	197.35	195.21	193.56	129.18
91	Overseas Traders (19)	392.28	+0.2	13.26	6.91	9.30	391.40	385.24	383.19	379.04	358.17
99	ALL-SHARE INDEX (750)	268.95	+0.3	—	6.39	—	268.14	261.47	259.04	257.23	250.58

FIXED INTEREST PRICE INDICES

	British Government	Tues., June 17	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	105.42	−0.16	—	4.99
2	5-15 years	115.43	+0.63	—	6.17
3	Over 15 years	115.82	+0.57	—	6.60
4	Irredeemables	132.73	+0.64	—	6.30
5	All stocks	110.59	+0.34	—	5.84

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Tues., June 17	Mon., June 16	Year ago (approx.)
1	Low	5 years	11.81	11.84	10.60
2	Coupons	15 years	11.81	11.84	11.10
3		25 years	11.81	11.84	11.60
4	Medium	5 years	13.19	13.13	12.38
5	Coupons	15 years	13.26	13.34	12.61
6		25 years	13.26	13.34	12.62
7	High	5 years	13.32	13.30	[illegible]
8	Coupons	15 years	13.69	[illegible]	12.96
9		25 years	13.60	13.68	12.96
10	Irredeemables		11.07	11.14	[illegible]

		Mon., June 17 Index No.	Yield %	Mon., June 16	Fri., June 13	Thur., June 12	Wed., June 11	Tues., June 10	Mon., June 9	Fri., June 6	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	52.43	14.12	52.14	51.88	51.87	51.60	51.64	51.47	51.46	58.31
16	Investment Trust Prefs. (15)	48.42	14.00	48.38	48.09	48.09	47.88	47.88	47.88	47.79	48.25
17	Coml. and Indl. Prefs. (20)	63.44	14.18	63.10	63.16	63.10	61.91	61.91	61.88	61.84	69.55

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
GEC	25p	11	389	+ 4	389	326
NatWest Bank	£1	10	376	− 2	378	305
Pilkington	£1	10	232	+ 9	237	187
Barclays Bk. 'New'	£1	8	410	+10	410	383
European Ferries	25p	8	160½	+ 2½	160½	98
Marks & Spencer	25p	8	94	—	96	77
BP	25p	7	378	− 2	412	320
Land Secs. 'New'	Nil/pd.	7	69pm	+ 1	70pm	44pm
Racal Electronics	25p	7	263	− 1	264	175
Tesco Stores	5p	7	59	− 3	75	55
Assoc. Dairies	25p	6	190	− 2	192	160
Beecham	25p	6	138	—	139	108
GKN	£1	6	255	+ 2	279	230
ICI	£1	6	386	—	402	348
Midland Bank	£1	6	376	− 2	383	308

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6
Jul. 7	Jul. 18	Oct. 9	Oct. 20

For rate indications see end of Share Information Service

Stocks favoured for the call included Town and City, Silvermines, Albert Fisher, Endeavour, New Throgmorton Warrants, Illingworth Morris A, Premier Oil, Ibstock Johnsen, Clyde Petroleum, Chloride, Ladbroke, Lasmo, Lesney, FNFC, Oil Search, BSG, Charter Cons., Redman Heenan, Royal Worcester, Ratners and Francis Sumner. Puts were arranged in ICI, BP, Shell Transport, Hawker Siddeley, House of Fraser, New Throgmorton Warrants, Tricentrol, Dunlop, FNFC, Candecca and Berkeley Exploration, while doubles were completed in Woodside, Silvermines, Brocks, Montague L. Meyer, European Ferries and Endeavour.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
85	F.P.	16/6	95	82	Amstrad Cons. Elect.	88	+1	bd5.3	3.0	5.3	7.0
55	F.P.	20/6	82	74	Home Farm Prods 10p	82		b2.9	2.6	5.1	11.2
—	F.P.	—	11	11	Jenkin & Purser	11					
185	F.P.	27/6	91	79	Oakwood Group	91	+1	b6.5	2.4	10.5	8.2
100	F.P.	27/6	110	93	Peerless	96	+1	b5.5	2.5	8.4	4.8
—	F.P.	—	19¼	19¼	Union Carbide Corp.	19¼		Q3.0		7.0	

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Automated Sec. 8% Cnv. Uns. Ln. '95	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Can. Imp. Bk. of Commerce 11% Deb. 1999	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Challenge Corp. 16pc Pref. NZ $2.00	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Clifford's Dairies	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Folkestone & District Water 9pc Pref. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	London & Midland Inds 8½pc Deb. '89-94	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid Southern 10½ Red. Pref. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NSS Newsagents 10½ Cnv. Uns. Ln.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	North Surrey Water 10pc Pref. 1985	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
115	Nil	[illegible]	[illegible]	[illegible]	Brown & Jackson	25pm	[illegible]
100	Nil	[illegible]	[illegible]	[illegible]	Carless Capel	40pm	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Clifford's Dairies 'A'	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Clyde Petroleum	356pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Derritron	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Elsco	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hawley Leisure	70pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Land Securities	69pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Linfood	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lloyds & Scottish	147pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pancontinental	325pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rugby Portland Cement	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Silvermines	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Unitech	308	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. [illegible]

FINANCIAL TIMES STOCK INDICES

	June 17	June 16	June 13	June 12	June 11	A year ago
Government Secs.	69.89	69.85	68.41	68.58	68.02	68.17
Fixed Interest	70.11	69.70	69.51	69.46	69.61	[illegible]
Industrial	469.0	467.6	458.5	446.5	446.9	440.3
Gold Mines	328.5	333.2	340.9	339.0	337.4	331.3
Ord. Div. Yield	7.64	7.66	7.87	8.00	8.03	[illegible]
Earnings, Yld. % (full)	19.48	19.48	19.87	19.28	19.34	19.51
P/E Ratio (net) (*)	6.61	6.59	6.46	6.61	6.59	[illegible]
Total bargains	26,449	26,755	21,642	21,166	16,003	[illegible]
Equity turnover £m	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains total	19,004	17,258	16,893	14,017	14,509	[illegible]

10 am 464.8. 11 am 469.0. Noon 469.2. 1 pm [illegible]. 2 pm 469.7. 3 pm 469.5.

Latest Index 01-246 8026.

* Nil=6.15.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.89 (17/6)	63.85 (7/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.11 (17/6)	64.70 (10/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (14/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (28/2)	265.5 (18/6)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 17	June 16
Daily		
Gilt Edged	170.5	132.9
Industrials	165.5	137.6
Speculative	38.9	48.6
Totals	113.6	100.2
5-day Avge.		
Gilt Edged	136.6	126.6
Industrials	133.2	122.8
Speculative	39.2	45.4
Totals	94.5	89.2

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (294)

BRITISH FUNDS (24)
CORPORATION LOANS (11)
COMMONWEALTH AND AFRICAN LOANS (2)
LOANS (2)
BANKS (13)
BEERS (4)
BUILDINGS (12)
CHEMICALS (1)
DRAPERY AND STORES (8)
ELECTRICALS (17)
ENGINEERING (12)
FOODS (1)
INDUSTRIALS (22)
INSURANCE (8)
LEISURE (3)
MOTORS (3)
NEWSPAPERS (1)
PAPER (1)
PROPERTY (18)
SHIPPING (2)
SHOES (1)
TEXTILES (4)
TOBACCOS (1)
TRUSTS (30)
OIL AND GAS (4)
OVERSEAS TRADERS (3)
MINES (2)

NEW LOWS (14)

STORES (1)
Aquascutum
ELECTRICALS (2)
Maintine Elec. 12pcPfg.Pf. Whitworth Elect.
ENGINEERING (2)
Cartwright (R.) Gobel (A.)
INDUSTRIALS (5)
Brady Inds. 'A' Stonehill Bridgend Processes Triefus Negretti & Zambra
MOTORS (2)
Glanfield Lawrence Jessups
TEXTILES (2)
Lyles (S.) Smallshaw (R.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	58	18	14
Corpns. Dom. and Foreign Bonds	27	5	34
Industrials	482	127	786
Financial and Prop.	232	46	224
Oils	14	20	18
Plantations	2	5	19
Mines	21	70	68
Others	57	38	57
Totals	893	329	1,218

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

King & Shaxson Mgrs.
[illegible]
Kleinwort Benson Limited
[illegible]
Lazard Brothers & Co. (Jersey) Ltd.
[illegible]
Lloyds Bk. (C.I.) U/T Mgrs.
[illegible]
Lloyds Bank International, Geneva
[illegible]
M & G Group
[illegible]
Management International Ltd.
[illegible]
Midland Bank Tst. Corp. (Jersey) Ltd.
[illegible]
Samuel Montagu Ldn. Agents
[illegible]
Murray, Johnstone (Inv. Adviser)
[illegible]
Negit S.A.
[illegible]
Negit Ltd.
[illegible]
N.E.L. International Ltd.
[illegible]
Pacific Basin Fund
[illegible]
Phoenix International
[illegible]
Providence Capitol Life Ass. (C.I.)
[illegible]
Quest Fund Mngmt. (Jersey) Ltd.
[illegible]
RBC Investment Managers Limited
[illegible]
Richmond Life Ass. Ltd.
[illegible]
Rothschild Asset Management (C.I.)
[illegible]
Rothschild Asset Mgt. (Bermuda)
[illegible]
Save & Prosper International
[illegible]
Schlesinger International Mngt. Ltd.
[illegible]
Schroder Life Group
[illegible]
Schroder Mngt. Services (Jersey) Ltd.
[illegible]
J. Henry Schroder Wagg & Co. Ltd.
[illegible]
Sentry Assurance International Ltd.
[illegible]
Singer & Friedlander Ldn. Agents
[illegible]
Stronghold Management Limited
[illegible]
Surinvest (Jersey) Ltd. (x)
[illegible]
Surinvest Trust Managers Ltd.
[illegible]
TSB Unit Trust Managers (C.I.) Ltd.
[illegible]
TSB Gilt Fund Managers (C.I.) Ltd.
[illegible]
Tokyo Pacific Holdings N.V.
[illegible]
Tokyo Pacific Hldgs. (Seaboard) N.V.
[illegible]
Tyndall Group
[illegible]
Gaiffe Assurance (Overseas) Ltd.
[illegible]
Union-Investment-Gesellschaft mbH
[illegible]
Utd. Intnl. Mngmnt. (C.I.) Ltd.
[illegible]
van Cutsem & Associates Ltd.
[illegible]
S. G. Warburg & Co. Ltd.
[illegible]
Warburg Invest. Mngt. Jrsy. Ltd.
[illegible]
Wardley Investment Services Ltd.
[illegible]
World Wide Growth Management
[illegible]
Wren Commodity Trust
[illegible]
NOTES
[illegible]

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCE PROPERTY BONDS

Schroder Life Group♥
Enterprise House, Portsmouth. 0705 27733

Equity	271.6	286.0	+7.0	—
Fixed Int.	159.8	168.3	+2.5	—
Managed	161.3	169.9	+2.7	—
Money	123.4	130.0	.....	—
Overseas	81.9	86.3	+0.1	—
Property	199.0	209.5	.....	—
CCM Vanguard	104.7	110.3	+0.9	—
K & S Govt. Secs.	137.7	145.1	+1.7	—
Income Distrib.	93.1	98.0	+2.0	—
Income Accum.	98.3	103.5	+2.1	—
B.S. Pen. Cap	144.9	152.2	.....	—
B.S. Pen. Acc.	167.6	176.1	.....	—
Equity Pension Cap.	110.1	116.0	.....	—
Equity Pension Acc.	118.0	124.3	.....	—
Mngd. Pen. Cap.	249.7	262.9	.....	—
Mgd. Pen. Acc.	316.5	333.3	.....	—
F. Int. Pen. Cap.	107.5	113.2	.....	—
F. Int. Pen. Acc.	115.4	121.5	.....	—
Money Pen. Cap.	113.7	119.7	.....	—
Money Pen. Acc.	121.8	128.3	.....	—
Prop. Pen. Cap.	145.8	153.6	.....	—
Prop. Pen. Acc.	156.1	164.4	.....	—

Prices are for Life Series 4, June 17. Pensions Series 8 June 10. Other prices on request.

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU 031-655 6000

Inv. Ply. June 13	127.5	127.5	.....	—
Inv. Ply. Sr. II June 13	119.7	126.0	.....	—
Inv. Cash June 13	115.0	121.1	.....	—
Ext. Ut. Acc. June 4	155.2	161.9	.....	+0.6
Ext. Ut. Inc. June 4	132.8	138.5	.....	—
Pen. Man. June 10	324.8	324.8	.....	—

Skandia Life Assurance Co. Ltd.
161-166 Fleet St., London EC4 2DY 01-353 8511

Managed Acc.	103.4	108.8	+1.3	—
Equity Acc.	101.2	106.5	+0.6	—
Gilt Plus Acc.	102.0	107.4	+1.9	—
Pens. Managed Acc.	106.0	111.6	+1.4	—
Pens. Equity Acc.	104.5	110.0	+0.9	—

For Prices of other Units and Guaranteed Basis Rates please Phone 01-353 8511

For Solar Life Assurance Ltd. see Sun Life Unit Assurance Ltd.

Standard Life Assurance Company♥
3 George St., Edinburgh EH2 2XZ. 031-225 7971.

Managed	113.4	119.4	+1.4	—
Property	106.6	112.3	.....	—
Equity	121.9	128.4	+1.1	—
International	101.5	106.9	+1.1	—
Fixed Interest	107.5	113.2	+1.9	—
Cash	101.4	106.8	+0.1	—
Pension Managed	108.0	113.7	+1.2	—
Pension Property	98.7	103.9	.....	—
Pension Equity	109.3	115.1	+0.6	—
Pension Intl.	103.2	108.7	+0.8	—
Pension Fxd. Int.	106.6	112.3	+2.1	—
Pension Cash	99.1	104.4	+0.1	—

Sun Alliance Fund Mangmt. Ltd.
Sun Alliance House, Horsham. 0403 64141

Exp. Fd. Int. June 11	£165.80	177.80	.....	—
Int. Bd. June 10	£9.30	—	.....	—

Sun Alliance Linked Life Ins. Ltd.
Sun Alliance House, Horsham. 0403 64141

Equity Fund	175.4	184.7	.....	—
Fixed Interest Fd.	119.6	125.9	.....	—
Property Fund	148.0	155.8	.....	—
International Fd.	87.3	91.9	.....	—
Deposit Fund	112.8	118.8	.....	—
Managed Fund	130.5	137.4	.....	—

Sun Life of Canada (UK) Ltd.
2, 3, 4, Cockspur St., SW1Y 5BH 01-930 5400

Maple Lf. Grth.		235.9	.....	—
Maple Lf. Mangd.		152.8	.....	—
Maple Lf. Eqty.		148.8	.....	—
Persnl. Pn. Fd.		242.0	.....	—
Pens. Man. Cap.	105.3	110.9	.....	—
Pens. Man. Acc.	114.1	120.2	.....	—

Sun Life Unit Assurance Ltd.
107, Cheapside, London, EC2V 6DU 01-606 7788

Managed Cap.	146.7	154.4	+1.1	—
Managed Acc.	147.7	155.5	+1.2	—
Property Cap.	143.2	150.8	.....	—
Property Acc.	144.4	152.1	+0.1	—
Equity Cap.	202.1	212.8	+1.6	—
Equity Acc.	203.6	214.4	+1.7	—
Fixed Interest Cap.	124.1	130.7	+1.7	—
Fixed Interest Acc.	125.1	131.7	+1.8	—
Cash Cap.	116.2	122.4	+0.1	—
Cash Acc.	116.9	123.1	+0.1	—
International Cap.	100.2	105.5	+0.3	—
International Acc.	100.8	106.2	−0.3	−0.3
American Cap.	102.2	107.6	+1.0	—
American Acc.	102.6	108.1	+0.9	—
Far Eastern Cap.	96.9	102.1	+0.1	—
Far Eastern Acc.	97.3	102.5	+0.1	—
Distribution	104.5	110.1	+1.3	10.77

Sun Life Pensions Management Ltd.
(funds for individual pension contracts)

Pens. Managed Cap.	96.0	101.1	+0.2	—
Pens. Managed Acc.	96.4	101.5	.....	—
Pens. Property Cap.	96.0	101.1	+0.2	—
Pens. Property Acc.	96.4	101.5	.....	—
Pens. Equity Cap.	96.0	101.1	+0.2	—
Pens. Equity Acc.	96.4	101.5	.....	—
Pens. F. Interest Cap.	96.1	101.2	+0.1	—
Pens. F. Interest Acc.	96.5	101.6	.....	—
Pens. Cash Cap.	95.9	101.0	.....	—

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OFFSHORE & OVERSEAS FUNDS

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	87.3	94.2	.....	4.25

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	43.5	45.7	.....	14.00
Unidollar Trust	US$12.79	13.44	.....	3.00
Unibond Trust	US$94.68	95.56	.....	10.90

1, Thomas St., Douglas, Isle o.Man. 0624 4856

Unicorn Aust. Ext.	71.6	77.0	.....	1.10
Do. Aust. Min.	67.2	72.3	.....	1.10
Do. Grtr. Pacific	90.3	97.0	.....	—
Do. Intl. Income	32.6	35.1	.....	10.10
Do. Isle of Man Tst.	41.0	44.1	.....	10.20
Do. Manx Mutual	40.5	43.6	.....	1.80

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC *June 2	US$65.60	69.75	.....	—
COUNT **June 2	£3.724	3.950	.....	1.33
CANRHO **June 2	£1.442	1.530	.....	—

Originally issued at *$10 and **£1. Next val. July 7.

Bishopsgate Progressive—Ldn. Agents
9, Bishopsgate, EC2N 3AD 01-588 6280

BNAUT Inc. June 11	US$3.57	3.77	.....	2.00
BNASF May 29	107.0	115.14	.....	—

Bridge Management Ltd.
GPO Box 590, Hong Kong

N'bishi May 31		Y16388	.....	—
Nippon Fund June 11	16.42	17.17	.....	1.56

Britannia Tst. Mngmt. (C.I.) Ltd.
30 Bath St., St. Helier, Jersey. 0534 73114

U.S. Dollar Denominated Fds.

Universal $ Trust	94.4c	101.5	.....	—
World Bond Fund	93.5c	97.0	.....	10.70

Sterling Denominated Fds.

Growth Invest.	41.0	44.1	.....	4.10
Far East & Int.Fd.	106.5	114.5	.....	1.00
Jersey Energy Tst.	236.2	254.0	.....	1.50
Amer.Smlr.Cos.Fd.	30.9	33.2	.....	—
High Int.Stlg.Tst.	84.0	87.0	.....	13.80

Value at June 13. Next dealing June 23.

Capital Deposit Tst.	£11.09	11.10	+0.04	0.25

Est. capital return on request. Next dealing June 24.

Brown Shipley Tst. Co. (Jersey) Ltd.
P.O. Box 583, St. Helier, Jersey. 0534 74777

Stlg. Bd. Fd. (h)	£9.73	9.78	+0.08	13.09
Sterling Cap. Fd.	11.11	11.12	.....	—

Butterfield Management Co. Ltd.
P.O. Box 195, Hamilton, Bermuda.

Buttress Equity	US$3.72	3.84	.....	2.05
Buttress Income	2.21	2.28	.....	9.41

Prices at June 2. Next sub. day July 7.

Capital International S.A.
43, Boulevard Royal, Luxembourg

Capital Int. Fund		US$22.11	+0.44	—

Charterhouse Japhet
1 Paternoster Row, EC4 01-248 3999

Adiropa	DM29.37	30.84	.....	4.38
Adiverba	DM48.17	50.58	.....	3.22
Fondak	DM29.31	30.78	.....	4.22
Fondis	DM20.66	21.69	.....	3.78
Emperor Fund	$5.42	5.70	.....	—
Hispano	$41.64	43.74	.....	4.35

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521

C. H. Gilt Growth Fd.*	£10.44	10.51	+0.18	3.30
Clive Gilt Fd. (C.I.)	9.65	9.70	.....	13.40
Clive Gilt Fd. (Jsy.)	£9.67	9.72	.....	13.37

*Daily Dealings.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey

Intnl. Man. Fd.	185.5	202.0	.....	—

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561

Gilt Fund (Jsy.)	100.5	100.6	.....	14.00

Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt

Investa	DM33.80	35.50	.....	—

Delta Group
P.O. Box 3012, Nassau, Bahamas

Delt. Inv. June 10	2.67	2.81	.....	—

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt

Concentra	DM17.30	18.40	.....	—
Int. Rentenfonds	DM61.10	63.00	.....	—

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.

NAV June 10	US$26.69	28.39	.....	—

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933

E.D.I.C.T.	136.1	146.2	.....	2.20

The English Association
4 Fore Street, EC2. 01-588 7081

E. A. Income Fund*	45.4	48.4	.....	8.78
E. A. Sterling*	£60.91	60.94	.....	—
E. A. Equity*	£52.64	56.01	.....	2.23

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99½	97⅞	Exchequer 13pc 1980‡‡	99½	.....	13.06	13.97
98¾	96¾	Treasury 11½pc 1981‡‡	98¾xd	.....	11.64	13.87
93⅞	90¼	Treasury 3½pc 1979-81	93⅞	.....	3.73	13.35
97⅛	93⅝	Treasury 9¾pc 1981‡‡	97¼	–⅛	10.02	13.42
95¾	91¼	Exch. 8¼pc 1981	95⅝xd	–⅛	8.62	13.12
96⅛	92¼	Exch. 9½pc 1981	96	–⅛	9.89	13.38
92¼	85½	Exch. 3pc 1981	92⅛	–⅛	3.25	10.25
98½	96½	Treas. Variable '81§§	98½	.....	16.55	17.13
98⅞	95⅞	Exch. 12¾pc 1981‡‡	98¾	–⅛	12.91	13.66
93½	88½	Treas. 8½pc '80-82‡‡	93½xd	–⅛	9.06	13.03
89⅛	82½	Treasury 3pc '82‡‡	89⅞	.....	3.35	10.07
100⅞	96⅝	Treasury 14pc '82‡‡	100⅞	–⅛	13.89	13.43
97⅞	94¼	Treas. Variable '82§§	97¼xd	.....	16.80	18.03
92⅝	86⅛	Treasury 8¼pc '82	92½xd	–¼	8.95	12.76
92½	86⅛	Exch. 9¾pc 1982	92¼	–¼	10.02	13.26
91⅝	85	Exch. 8¾pc 1983	91½xd	–¼	9.57	12.82
82⅝	76½	Exch 3pc '83	82⅝	.....	3.63	10.84
97⅝	90⅞	Treasury 12pc 1983‡‡	97¼	–⅛	12.33	13.18
95⅞	90⅝	Treas. Variable '83§§	95¼	.....	17.15	18.46
92⅛	84½	Treasury 9¾pc '83	91xd	–¼	10.16	12.90
100¾	94¼	Exch. 13½pc '83	100⅝	–⅜	13.44	13.33
92	84½	Exch. 10pc 1983	91¾	–¼	10.89	13.01

Five to Fifteen Years

Over Fifteen Years

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103⅞	94⅛	Treas. 14pc '98-01	103	+⅝	13.73	13.69
92⅞	81⅞	Exch. 12pc '99-02	89½xd	+⅜	13.26	13.36
106¼	91⅞	Treas. 13¾pc 2000-03	106⅛	+¾	13.65	13.65
108	53⅝	Treas. 13¾pc 2000-03 A	108	+¼	13.68	13.67
90⅝	78⅞	Treasury 11½pc '01-04	89⅞	+¼	13.23	13.32
38¼	34⅛	Funding 3½pc '99-04	38xd	+⅛	9.15	10.69
95⅝	86⅝	Treasury 12½pc '03-05	94¼	+⅜	13.39	13.42
68¼	59¾	Treasury 8pc '02-06‡‡	68¼	+⅝	12.00	12.28
91⅛	80¼	Treasury 11¾pc 03-07	88½xd	+⅜	13.16	13.23
101⅞	94½	Treas. 13½pc '04-08	101⅞	+⅝	13.45	13.46
50⅛	42⅞	Treasury 5½pc '08-12‡‡	50	+⅜	11.34	11.66
67⅞	57½	Treasury 7¾pc '12-15‡‡	67⅞	+¼	12.04	12.15
94⅛	85⅛	Exch. 12pc '13-'17	93	+¼	12.93	12.93

Undated

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
33⅞	29	Consols 4pc	33⅝	+⅛	12.55	—
33⅞	28⅞	War Loan 3½pc‡‡	33⅛	+¼	10.62	—
37¼	32⅞	Conv. 3½pc '61 Aft.	35¼	+⅛	10.00	—
25⅛	21⅝	Treasury 3pc 66 Aft.	24⅞	.....	12.62	—
22⅞	19½	Consols 2½pc	21xd	.....	11.84	—
20⅞	17⅞	Treasury 2½pc	20½	.....	12.52	—

INTERNATIONAL BANK

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
87½	78	5pc Stock '77-82	87¼	–¼	5.73	11.83

CORPORATION LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
93¾	83⅝	Bath 11¼pc 1985	93¾	+¼	12.19	13.27
98¼	89½	Birm'ham 12½pc 1985	96½	+1	12.94	13.44
99¾	96⅞	Bristol 13¾pc 1981	99¾	+⅛	13.85	14.75
99¼	90	Burnley 13pc 1987	99¼	+¼	13.17	13.28
91⅞	82¾	Cardiff 11pc 1986	91⅞	+¼	12.19	13.32
97⅞	93	G.L.C. 12½pc '82	97⅞	+⅛	12.84	14.07
97¼	90⅞	Do. 12½pc 1983	97¼	+¼	12.83	13.58
90¼	84¾	Glasgow 9¼pc '80-82	90¼	.....	10.25	14.19
74½	64½	Herts 6½pc 1985-87	74½	+¼	9.38	12.86
88½	81¼	Liverpool 9¾pc '80-84	88½	.....	11.02	13.62
27	24	Do. 3½pc Irred.	26xd	.....	13.61	—
98⅞	92¼	Lon. Corp. 13¼pc '83	98¾	+¼	13.41	13.69
90¼	79¾	Do. 9½pc '84-85	90¼	.....	10.48	12.30
78½	71	L.C.C. 5½pc '82-84	78½xd	.....	7.00	12.35
66½	60½	Do. 5½pc '85-87	66½xd	+¼	8.27	12.94
66	60¼	Do 6¾pc '88-90	65¼xd	+¼	10.27	12.94
23¼	21	Do. 3pc '20 Aft.	22¼	.....	13.47	—
98⅛	95⅝	Newcastle 9¼pc '78-80	98⅛	.....	9.43	17.03
96	87⅞	Sunderland 12¼pc 1984	96xd	+½	12.74	13.43

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
89½	82¼	Aust. 5½pc '81-82	89½	+⅛	6.21	12.98
81	72½	Do. 6pc 1981-83	80¼	–¼	7.50	13.42
64	58	N.Z. 7¼pc 1988-92	62xd	.....	11.64	13.74
78¼	72	Do. 7½pc '83-86	76¾xd	–⅛	9.78	13.24
95½	88	Sth. Africa 9½pc '79-81	95½	+⅛	10.07	14.13
160	107	Sth. Rhod. 2½pc '65-70	156	+3	—	—
169	133	Do. 6pc '78-81	168	–1	—	—

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
61½	56½	Agric. Mt. 5pc '59-89	61xd	.....	8.17	12.19
80	73½	Alcan 10½pc '89-94	76½xd	+1	13.73	14.50
28½	25	Met. Wtr. 3pc 'B'	28¼	.....	10.96	13.01
103	89	U.S.M.C. 9pc 1982	101½xd	.....	8.87	—
92	85½	Do. without Warrants	89xd	+½	10.11	13.40

LOANS—Continued

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1980 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
£76½	£56	Algemene Fl.100	£64¾	+1	Q25%	1.9	7.8	6.9
365	290	Allen Harvey £1	340	+10	21.5	—	9.0	—
128	96	Allied Irish	110	+2	Q8.93	—	7.9	—
17	13	Ansbacher (H.) 5p	14¾	+¼	0.15	—	1.5	—
235	180	Arbuthnot L. £1	207	.....	†10.42	—	7.2	—
360	280	Bk. Ireland £1	295	+10	Q23.51	—	7.7	—
£162	£134	Do. 10pc Conv.	£138	.....	Q10%	—	f7.4	—
*8	5	Bk. Leumi SO.1	6	.....	gQ11.4%	—	22.1	—
120	100	Bk. Leumi (UK)£1	120	.....	8.57	—	10.7	—
178	135	Bk. N.S.W. $A1	141xd	.....	Q16c	♦	5.8	♦
305	235	Bank Scotland £1	273	+10	15.0	5.1	7.8	3.4
£22⅛	£16¼	Bankers N.Y.$10	£22⅛	+⅛	Q$3.30	—	6.7	—

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OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
145	112	Anglo-Indones'n...	127	......	[illegible]	[illegible]	[illegible]
127	73	Barlow Hldgs. 10p..	95	+2	†T2.6	1.1	3.9
71	37	Bertam Cons. 10p	48	......	h0.75	1.9	2.2
550	305	Castlefield 10p	490	......	5.0	2.8	1.5
57	43	Cons. Plants M$0.5	45½	−½	†Q3.75	1.1	8.2
9½	7½	Grand Central 10p..	7½	......	d0.6	—	11.4
912	628	Guthrie £1	735xd	−15	30.0	1.1	5.8
223	154	Harrisons Mly. Est. 10p	173	−1	6.5	1.1	5.4
111	45½	Highlands M50c..	57	−1	hQ15c	1.2	5.4
106	73	Kuala Kepong M$1.	100	......	Q25c	1.3	5.2
58½	40	††Kulim M50c.	50	......	Q12c	1.7	5.0
460	288	Ldn. Sumatra 10p	350	......	8.0	3.3	3.3
78½	41½	Malakoff M$1	72xc	−2	hQ10c	ϕ	2.8
65	49	Malay. Plants. M$1	54	......	Q18c	1.3	7.6
197	158	Rightwise 10p	158	......	—	—	—

TEAS

India and Bangladesh

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
295	265	Assam Dooars £1.	295	......	ϕ9.51	—	4.6
238	200	Assam Frontier £1	205	......	3.33	—	2.3
149	95	Assam Invs. £1	149	......	ϕ4.67	0.7	4.5
24½	23½	Empire Plants 10p	24	......	ϕ—	—	—
470	425	Lawrie Plants £1.	430	......	17.5	3.3	5.8
365	278	McLeod Russel £1	360	......	13.5	1.1	5.4
300	265	Moran £1	270	......	10.0	—	5.3
263	180	Williamson £1	233	+1	8.33	1.8	5.1

Sri Lanka

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
400	305	Lunuva £1	355	......	17.0	1.0	6.8

Africa

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
98	77	Blantyre	85	......	6.0	2.1	10.1
90	60	Ruo Estates	70	......	4.5	2.0	9.2

MINES

Central Rand

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
£17⅛	922	Durban Deep R1	£12¼	−⅜	m0155c	2.7	7.6
£15⅝	912	East Rand Prp. R1	£12⅞	−⅛	m0080c	3.3	4.7
£35¼	£23⅞	Randfont'n Est. R2	£30½	+⅛	†0600c	2.8	12.0
432	238	West Rand R1	253xd	−3	Q17½c	1.7	4.0

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	24	N. West Mining N.L.	61	+1	—	—	—
235	144	Oakbridge $A1	195	......	Q12c	4.7	3.2
122	70	Otter N. L.	102	......	—	—	—
230	128	Pacific Copper	216	−14	—	—	—
465	255	Pancont'l 25c	350	−25	—	—	—
78	42	Paringa M&Ex.5p	60	......	—	—	—
495	335	Peko-Wallsend 50c.	365	−10	tQ17.5c	ϕ	2.5
230	140	Seltrust A.	172	−2	—	—	—
£11¼	575	Southern Pacific	£11	......	—	—	—
75	31	Swan Resources 20c.	60	......	—	—	—
13	8	West Coast 25c	8	......	—	—	—
264	177	Westn. Mining 50c.	240	−2	†Q7c	1.6	1.6
30	10	Westmex	16	......	—	—	—
108	56	Whim Creek 20c.	100	......	—	—	—
25	10½	York Resources	23	−1	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
25	14	Amal Nigeria 1p	15	......	¼6.0	—	—
345	255	Ayer Hitam $M1	300	+5	‡Q290c	0.9	‡
67	42	Beralt Tin	50	+1	4.5	3.2	12.9
200	149½	Berjuntai $M1	195	−5	‡Q95c	1.0	‡
230	153	Geevor	170xd	......	8.4	ϕ	7.1
11	10	Gold & Base 12½p	10½	......	—	—	—
420	310	Gopeng Cons.	415	−5	†25.0	1.8	8.6
320	280	Hongkong	320	......	35.87	ϕ	16.0
105	90	Idris 10p	95	......	14.0	ϕ	21.1
15	12½	Jantar 12½p	13	......	1.5	ϕ	16.5
87	64	Kamunting $M0.50	87	+2	Q47½c	1.1	12.3
225	150	Killinghall $M1	225	......	hQ50c	ϕ	4.5
880	485	Malay Dredging $M1	800	......	‡m0105c	2.6	2.7
33	26	Pahang	32	......	0.44	0.3	2.0
108	90	Pengkalen 10p	92	......	6.0	2.3	9.3
290	230	Petaling $M1	290	......	†Q150c	1.4	10.8
70	57	Saint Piran	65#	......	‡2.5	6.4	‡
44	28	South Crofty 10p	28	......	‡3.0	2.0	‡
350	180	South Kinta $M0.50	350	......	ϕQ150c	1.0	9.1
525	340	Sthn Malayan $M1	525	......	ϕHQ175c	2.1	6.9
300	215	Sungei Besi $M1	285	−15	†Q520c	1.0	37.2
39	22½	Supreme Corp. $M1	38	......	hQ8c	—	4.5
100	92	Tanjong 15p	92	......	Z4.5	ϕ	7.0
95	80	Tongkah H. Tin	80	......	Q45c	1.3	12.6
320	220	Tronoh $M1	310	+5	Q250c	0.7	16.4

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
235	130	Messina R0.50	170	−5	m010c	ϕ	3.4

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
180	78½	Anglo-Dominion	160	−20	—	—	—
97	56	Barymin	60	+3	—	—	—
17	12	Burma Mines 10p	15½	......	0.62	1.1	5.8
502	320	Cons. Murch. 10c.	320	......	MQ100c	1.8	18.6
180	135	††Hemerdon 10c.	132	......	—	—	—
585	325	Northgate C$1	390	−15	—	—	—
485	327	R.T.Z.	398	−4	15.0	3.2	5.4
33	16	Robert Mines	23	......	—	—	—
58	26	Sabina Inds. C$1	30	......	—	—	—
51	44	††SWCM 10p	51	+1	—	—	—
650	411	Tara Exptn. $1	460	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	29	......
Bertam	17	......
Bdg'wtr. Est. 50p	420	+5
Clover Croft	60	......
Craig & Rose £1	£10½	......
Fife Forge	32½	......
Finlay Pkg. 5p	18	......
Graig Ship. £1	£15	+½
Higsons Brew.	75	......
Holt (Jos) 25p	250	......
I.O.M. Stm. £1	187	......
Pearce (C. H.)	455	......
Peel Mills	40	......
Sheff. Refrsfmt	103	......
Sindall (Wm.)	143	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£89⅝	+⅝
Nat. 9¾% 84/89	£79¾	+¼
Fin. 13% 97/02	£89⅝	+1⅛
Alliance Gas	45	......
Arnott	360	......
Carroll (P.J.)	57xd	......
Clondalkin	125	+7
Concrete Prods.	75	......
Heiton (Hldgs.)	33	......
Ins. Corp.	245	......
Irish Ropes	55	......
Jacob	35	......
T.M.G.	80	+5
Unidare	93	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	18	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lofs"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	10
Distillers	17	Nat. West. Bank	27	KCA	22
Dunlop	7½	P & O Dfd.	10	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	28	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	23	Thorn	23	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

FINANCIAL TIMES
Wednesday June 18 1980

U.S. Cruise missile bases in UK by 1983

BY ELINOR GOODMAN

BRITAIN BECAME the first member of NATO yesterday to announce where it was stationing the new force of long-range nuclear missiles and to set a target date, 1983, for their deployment.

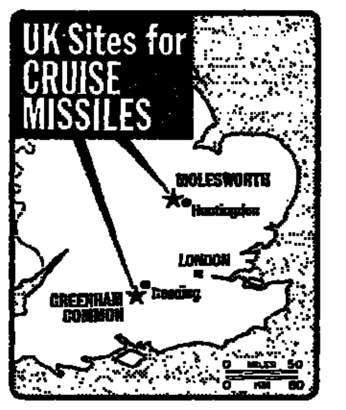
The U.S. Air Force base at Greenham Common, Berkshire, is to be used as the main UK operating base. Missiles will also be at the now disused airfield of RAF Molesworth, Cambridgeshire.

In the event of an alert the missiles would not be fired from these bases but dispersed round the country to secret pre-arranged sites.

A total of 160 ground-launched U.S.-owned Cruise missiles with a range of 1,500 miles will be stationed in Britain as part of the modernisation of NATO long-range nuclear forces agreed by NATO Ministers last December.

The Ministers agreed that 572 U.S. missiles be deployed in response to the Soviet nuclear build-up in East Europe, and in particular the deployment of mobile SS 20 ballistic missiles.

The total cost to the UK of the modernisation programme will be £16m. Announcing the siting decision in the Commons yesterday, Mr. Francis Pym, the



Defence Secretary, said that the modernisation was vital to Britain's security in view of the "markedly increasing threat" faced by the West.

In the circumstances, he said, it was essential for NATO to modernise its own long-range weapons, which were "ageing and becoming increasingly vulnerable."

Announcement of the siting of the missile bases got a surprisingly muted reception from MPs yesterday.

The two representing the constituencies concerned accepted the decision without protest.

For the residents of Greenham Common, it seemed, the missiles at least had the merit of being far quieter than the aerial tankers which the Americans proposed to base there two years ago.

The only strong objections came from Labour Left-wingers, who have long opposed the whole idea of a new generation of nuclear weapons.

They attacked the acceptance of the deal by Mr. William Rodgers, Shadow Defence Secretary. He did not challenge the need for the new missiles, but urged the Government to use the "breathing space" between now and 1983 to seek negotiation of further arms controls with the Russians.

Mr. Pym promised that if there was a chance of such talks achieving anything he would pursue them with "unremitting effort."

The Ministry of Defence launched a major propaganda campaign yesterday to persuade residents that they had nothing to fear from the base.

In this it emphasised that no live missiles or warheads would be carried on any of the exercises which would take place when the bases became operational.

France angers EEC by new curbs on lamb

BY JOHN WYLES AND MARGARET VAN HATTEM
N LUXEMBOURG

FRANCE last night appeared once again to be at odds with its partners in the European Community over lamb, following vigorous protests at a meeting of EEC farm ministers here against new limits placed by the French authorities on imports.

West Germany and the Netherlands yesterday protested strongly against the French measures, announced earlier this week, and Mr. Finn Gundelach, the Brussels Agriculture Commissioner, said he was "disappointed." Ireland is understood to have raised its concern privately with M. Pierre Mehaignerie, the French Farm Minister.

France has unilaterally restricted the issue of import licences for lamb to 70 per cent of what it regards as the normal tonnages exported by its EEC partners. Defending this step yesterday, M. Mehaignerie claimed that lamb originating in Eastern Europe was being sold through other EEC countries to France, and that this had depressed lamb prices on the French market by 15 per cent.

The French restrictions are expected to remain in force until July 15, when the new sheep-meat rules agreed by EEC foreign ministers in Brussels in late May are due to come into effect.

Before the Brussels agreement France had been engaged in a long dispute with Britain and the EEC over its unilateral restrictions on British lamb shipments, and over its defiance of a ruling by the European Court that the restrictions were illegal.

The absence so far of agreement between the Community and New Zealand on lamb shipments to the Nine also threatens to delay implementation of the new support measures for EEC sheep farmers.

Mr.n Gudelach is expected to travel to New Zealand next month to seek agreement on voluntary restrictions of lamb exports to the EEC in exchange for a 20 per cent cut in the EEC tariff on New Zealand lamb.

Commodities, Page 33

THE LEX COLUMN

The key rates for new bond issues

With UK Government bond rates down to the region of 13½ per cent, the City's corporate finance specialists are in a highly expectant mood. Pretty soon, somebody is going to be tempted to jump through the corporate bond new issue window which has stayed shut for many years in respect of domestic loan stocks but which has on occasion allowed through a handful of Eurosterling issues. There is speculation that some large companies might be willing to make a start at funding at 13 per cent or more, though it could well be that the first domestic sterling bond issue will come from an overseas sovereign borrower.

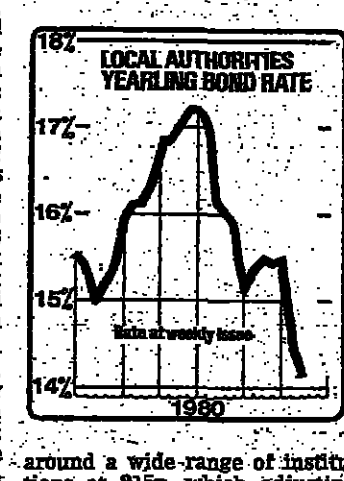
Meanwhile the fall in U.S. interest rates has already brought the cost of long term dollars down to a level which is acceptable to the British finance director. BOC yesterday became the first British company to join what has become a stampede of issuers of eurodollar bonds. It is raising $50m for ten years at a coupon of 10⅞ per cent and at an effective cost to itself of about 11¼ per cent. BOC's need to raise long term dollars is particularly well-defined: it has $500m of floating rate dollar debt incurred as a result of its purchase of Airco in the U.S. It has now decided that long rates are low enough to make a first stab at refinancing some of this.

ICI made an earlier move in issuing $100m of fixed rate securities a month ago, but this was via a private placement and only for three years. This relatively short term money, on a coupon of 11 per cent, probably cost ICI the same effective interest rate as BOC is now paying for ten years. The attitude of ICI's treasury was that this was an acceptable rate to pay for three years in anticipation of better times to come. ICI may now be a little rueful at the speed with which those better times have arrived, but it is probably well out of this week's long-jam of new issues. Over $600m of new issues were announced yesterday alone and there must now be over $1bn of eurodollar bonds hanging over a market which is showing some signs of indigestion.

Pilkington placing

The changed mood of the equity market is vividly reflected in yesterday's placing of the 11.9m Pilkington shares which were issued within the last month to BSN-Gervais Danone as part payment for Pilkington's big move into glass manufacturing in continental Europe. The shares were placed

Index rose 1.4 to 469.0



around a wide range of institutions at 215p, which adjusting for stamp duty and dividends represented a discount of just over 4 per cent on the previous market price.

Only a couple of weeks ago, when the placing was being planned, Pilkington's shares stood at around 188p, and there seemed to be no prospect of the institutions biting at such a narrow discount. Yesterday, by contrast they were falling over themselves and their applications had to be scaled down in many cases.

As it turned out, the placing represented a heaven sent opportunity for those institutions which feared that they had missed the boat in the big stock market rally, and which were longing to get rid of some cash before their trustees started asking embarrassing questions. Pilkington shares have under-performed the market averages in the last year by about a third, one reason being that it has issued over 40m new shares in the form of a rights issue and acquisition currency. Despite this relative price weakness, it is rightly regarded as one of the higher quality representatives of UK manufacturing industry in the Stock Exchange.

With the placing out of the way, the price bounded 9p ahead yesterday to 232p, where the yield is a well covered 6.6 per cent.

Unit trusts

After another poor months for unit trust sales in May, the unit trust movement has now shrunk in three months out of five so far in 1980; the total shortfall of sales against repurchases of units in the January-May period is £5.5m. This is not large compared with total funds of around £4bn but there has been a consistently adverse trend since the temporary sales boom of early 1978.

The picture is not uniform, of course; within the overall totals some of the more successful management groups have continued to expand. But usually they have only been able to do so through specialist trusts, in overseas markets for instance or in small company funds.

The immediate problem for the unit trust groups is that investors can still get 15 per cent gross on deposit, and are not easily tempted out of the building societies. A more fundamental disadvantage is the maturity of the movement, with buyers of units in the trusts' heyday reaching old age or cashing in 10- or 15-year savings plans. The big investment cash flows are now concentrated in pension funds, and a number of unit trust groups are resigned to the stagnation of their main business, and are chasing pension fund management contracts.

Gas pipeline

The proposal that private sector companies take a majority stake in a North Sea gas pipe network costing up to £1½bn is likely to change the way oil companies regard gas, up to now the Cinderella of UK offshore exploration. Currently the companies are faced with a monopoly gas buyer in the British Gas Corporation, which has been able to use long-term contracts to keep down prices; this factor has left many prospective gas fields, especially in the southern basin, unexploited. The proposed pipeline will give the companies a say in the disposal of the gas as well as in its pricing, since it seems likely that the Government will formally break British Gas's monopoly right of supply.

Since British Gas is likely to retain its distribution monopoly on land, much of the supply through the pipeline is likely to go to coastal plant, to be converted into chemical feedstock. Nevertheless competition is likely to drive up prices for gas supply all round. With the BGC paying about 4p a therm for southern basin supplies, against 26p or so for the equivalent energy content of oil at $35 a barrel, the scope for price rises is considerable. It will be several years before the project is completed, but the long-term impact will be to transfer some of the Corporation's profits to the production companies.

Pay ballot for nurses in biggest health union

BY PAULINE CLARK, LABOUR STAFF

NURSES IN the Confederation of Health Service Employees, the biggest union in the health service, are to be ballotted on their 14 per cent pay offer.

At the same time, the union's executive is to urge them to reject any pay settlement within the Government-imposed cash limits on the health service.

If the pay deal is rejected, the executive will consider industrial action to secure a 30 per cent rise.

That was decided at the annual conference of the union, which represents 130,000 nurses, in Blackpool yesterday.

Two other big unions, the National and Local Government Officers' Association and the National Union of Public Employees, which between them represent another 130,000 nurses, have urged joint union action over the offer, in response to a recent 18.7 per cent inflation-related award to doctors and dentists.

The three unions together have more than half of Britain's nurses as their members.

Leaders of the Royal College of Nursing, the profession's largest union, have advised their 137,000 members to vote against industrial action in the ballot they are holding on the pay offer.

However, the other unions have indicated that they are prepared to formulate plans for the action to disrupt hospitals while avoiding direct harm to patients.

The pay settlement has been outstanding since April.

The nurses' union leaders have so far failed to persuade the Government to improve the offer in spite of direct representations to Mr. Patrick Jenkin, Secretary for Social Services, and to the Prime Minister.

The decisions taken by COHSE conference delegates emphasised, however, that non-RCN members, too, see a dilemma over how industrial action can be reconciled with professional responsibilities.

The conference unanimously voted to go ahead with the ballot carrying a recommendation to reject the offer. It also agreed unanimously to remit an emergency motion seeking a 30 per cent pay rise, with industrial action if necessary.

Thus the executive of the union, which opposed the emergency resolution, will have to consider the call for action if — as seems likely — the ballot rejects the 14 per cent offer.

Any decision on action will be difficult after the sharp division at the conference over the issue. Those in favour of action proposed disruption of hospital administration or industrial action with emergency cover.

Mr. David Williams, assistant general secretary, said he felt nurses were being put into the same category as other female workers doing humdrum jobs that do not require the level of education and acceptance of responsibility that nurses have.

He said an increase of 59 per cent was needed to bring nurses' pay up to the average for male, non-manual workers.

Mr. Williams said: "If the branches accept our recommendation, the fight is on." He urged careful consideration of the decision because he believed the Government would not change its mind through negotiation.

London Transport chiefs criticised

BY LYNTON McLAIN

THE PERFORMANCE and style of top management at London Transport, the world's largest passenger transport operator, was severely criticised yesterday in a report commissioned by its own chairman, Mr. Ralph Bennett.

PA International, management consultants and author of the report, said the executive board of London Transport suffered from an "element of self-satisfaction" and had a "cosy consensus approach" to management. Its morale was low as a result of being "shell-shocked" by the inevitability of criticism over its poor record.

LT, operating under the control of the Greater London Council, has more than 60,000 staff, spends more than £520m a year, and last year reported a £31.4m loss, its worst trading results for more than a decade.

It has told the GLC it expects to lose £134m by the end of next year unless bus and tube train services are cut or fares are raised faster than the rate of inflation.

The sweeping indictment of the nine-man executive said it had a limited sense of purpose and was unclear about whether it was a social service or a commercial undertaking.

It said: "The executive board is weak in skills that are required to run a large business and indeed, to manage itself as a board."

The board failed to discuss "strategic issues." PA said decisions were debated fully by the executive, but without reference to objectives. The board was preoccupied with day-to-day problems to the exclusion of strategic issues.

The board made good "initial diagnoses" of problems but there was "no action, no follow-up."

The report was commissioned, at a cost of £24,000, to find out if the traditional role of the executive—set up in 1933—remained appropriate under a new structure for the transport network established by the board in the past two years. The new approach separated bus and tube-train operations.

At first LT refused to publish it. It was published after Sir Horace Cutler, Conservative leader of the GLC, wrote to Mr. Bennett on Friday saying criticism of LT had reached such a point that he now had "no choice" but to publish.

Mr. Bennett said yesterday he would have preferred not to discuss the proposals in the report before the GLC committees had considered them. He accepted it was a "pentrating document."

PA took evidence from the executive in December and since then, Mr. Bennett said, the bus and tube services had improved, largely as a result of the structural changes he had initiated over the past two years. He said the bus service was better than it had been for the past three years.

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Weather

UK TODAY

MAINLY CLOUDY with showers and sunny intervals. Generally cool.

London, the Midlands, E. Anglia, N. Wales, N. England
Mainly cloudy with scattered showers and sunny intervals. Wind light. Max. 18C (64F).

S.W. England, S. England, S. Wales
Outbreaks of rain, becoming brighter in West later.

N.E. England, Scotland, Borders, Highlands
Cloudy with heavy outbreaks of rain or showers. Cool. Max. 14C (58F).

East Scotland
Rather cloudy with rain, heavy at times. Coastal fog. Max. 12C (54F).

West Scotland, N. Ireland
Mainly cloudy with scattered showers and some sunshine. Max. 16C (61F).

Outlook: Changeable and rather cool.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	22	72	Locarno	T	15	59
Amsdm.	F	17	63	London	R	13	55
Athens	S	30	86	Luxmbg.	R	13	55
Bahrain	S	34	93	Luxor	S	40	104
Barclna.	C	22	72	Madrid	F	24	75
Beirut	S	26	79	Majorca	S	25	77
Belfast	C	17	63	Malaga	S	23	73
Belgrd.	F	24	75	Malta	S	27	81
Berlin	F	21	70	Mchstr.	R	14	57
Biarritz	C	17	63	Melbne.	R	10	50
Bmghm.	F	13	55	Mex. C.	S	22	72
Blackp'l	F	14	57	Milan	C	22	72
Bordx.	C	18	64	M'ntreal	S	18	64
Boulgn.	R	14	57	Moscow	C	20	68
Bristol	T	14	57	Munich	F	21	70
Brussels	C	17	63	Nairobi	S	24	75
Budpst.	F	25	77	Naples	F	23	73
B. Aires	S	17	63	Nwcstl.	C	18	64
Cairo	S	37	98	N. York	S	20	68
Cardiff	C	14	57	Nice	F	20	68
Cape T.	S	16	61	Nicosia	S	26	79
Chicago	S	20	68	Oporto	F	19	66
Cologne	C	16	61	Oslo	C	19	66
Cpnhgn.	C	16	61	Paris	C	15	59
Corfu	S	29	84	Perth	S	13	55
Dublin	R	16	61	Prague	F	22	72
Dbrvnk.	S	25	77	Reykjvk.	C	9	48
Ednbgh.	C	15	59	Rhodes	S	29	84
Faro	S	23	73	Rio J'o	S	23	74
Florence	F	25	77	Rome	S	25	77
Frankf't	F	18	64	Salzb'rg	F	22	72
Funchal	C	20	68	Singapr.	R	28	80
Geneva	C	16	61	Stckhm.	S	24	75
Gibrltr.	S	29	84	Strasb'g	C	18	64
Glasgow	C	15	59	Sydney	S	17	63
G'rnsey	C	12	54	Tehran	S	26	79
Helsinki	S	23	73	Tel Aviv	F	26	79
H. Kong	S	32	89	Tenerife	F	20	68
Innsbr'k.	C	21	70	Tokyo	R	28	82
Invrnss.	C	14	57	Toronto	S	15	59
I.o.Man	C	14	57	Tunis	S	29	84
Istanbul	S	24	75	Valencia	S	29	84
Jersey	C	15	59	Venice	F	24	75
Jo'burg	S	14	57	Vienna	F	25	77
L. Plms.	F	23	73	Warsaw	C	15	59
Lisbon	F	23	73	Zurich	T	15	59

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.

Brokers to offer strike insurance

BY JOHN ELLIOTT AND JOHN MOORE

A FORM of strike insurance is to be offered by five Lloyd's of London insurance brokers in place of the indemnity fund which will be shelved later today by the Confederation of British Industry.

The brokers, led by the Sedgwick Forbes Bland Payne, have been helping the CBI to develop its proposals for the past year, and are expected to launch a fresh round of test marketing without any formal CBI backing or involvement.

The CBI's decision to shelve the fund will be taken this afternoon at its monthly council meeting. In spite of strong support from some CBI leaders, the idea of investing considerable amounts of money in an insurance fund has been rejected by a big majority of large companies as well as by many medium-sized concerns.

These companies do not consider such expenditure to be commercially worthwhile, and some have also been worried about the labour relations implications.

But some companies have said they would be prepared to join a CBI scheme. Some of these, however, have done so only because they wanted to help the CBI improve employers' solidarity and change th ebalance of power in industry.

Continued from Page 1

Deeper recession

The number of workers taken on averaged about 1½ per 100 employees in the month to mid-March, compared with between 1¾ and 2½ per cent in the previous three to four years.

A comparison between sectors highlights the problems of the textile industry, where output in the first four months of this year was nearly 9 per cent lower than the average level for 1979.

Employment in textile companies at the end of March was 30,000, or 6¾ per cent, less than six months earlier.

Employment in mechanical engineering dropped by 31,000, or 3½ per cent, in the six month to March, while in construction it declined by 57,000, or 4.5 per cent.

Output, employment and profits have come under severe pressure, especially in manufacturing, but the consumer has so far been much less affected.

Real incomes have risen sharply until recently, and consumer spending has dropped back only slightly from earlier buoyant levels. This largely reflects the impact of North Sea oil and the strong pound.

GOVERNMENT REPORT FORECASTS HARD TIMES

Property recession 'will be prolonged'

BY MICHAEL CASSELL

THE RECESSION in the property and development industry will be "deep, widespread, and prolonged," a Government-commissioned report forecast yesterday.

The report, by the Property Advisory Group, set up in 1978 to advise the Environment Department on property matters, says there is unlikely to be any increase overall in demand for commercial and industrial space when the economic situation generally improves.

The result, it says, would be a fall in demand for new property, with inflationary increases in building costs in excess of the growth of rental incomes discouraging its supply.

As a result the amount of equity for distribution between land-owners and developers would be reduced, far fewer areas of the UK would prove attractive for development, and there would be less opportunity for large-scale development.

Smaller-scale developments and refurbishments should, however, continue to be carried out during the recession because they involved shorter lead times, confront fewer planning delays and were less likely to experience excess costs.

The group, whose members are drawn from the property industry, goes on to say that, when the recession ends no change in the level of new development is expected.

"We believe that, with a few limited exceptions, demand on a national basis for additional accommodation may remain comparatively slack, particularly in the case of offices, and that rental growth in inflation-adjusted terms will be weak."

The group believes that the general level of new development could be "much reduced" relative to past performances.

The report points out that rent reviews fall due on many office premises during the early 1980s, the report says that a large proportion of these premises were built during the 1960s to "less exacting standards" than those constructed more recently.

"The occasion of rent review, together with other emerging factors such as technological change, may well cause office occupiers to reappraise their accommodation needs.

"A certain amount of attention has already been centred on changes arising from microprocessor technology and other recent innovations in office equipment which are being introduced will also have a bearing on both employment and space requirements.

"The need to conserve energy, coupled with fast rising travel costs and changing employment patterns, will have an impact on tenants' attitudes. There may well be relatively little demand for fresh office development and the industry's efforts will be concentrated on the refurbishment of existing stock with a view to maintaining its value as an investment."

Structure and Activity of the Development Industry; SO. £2.50

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